

Consolidated Statement of Income



(In millions, except per share data)	Year Ended December 31		
	1982	1981	1980
Net sales	\$5,871.1	\$5,819.2	\$5,587.2
Cost of sales	3,700.2	3,927.3	3,859.2
Gross profit	2,170.9	1,891.9	1,728.0
Selling, general and administrative expenses	1,597.0	1,338.8	1,227.0
Operating income	573.9	553.1	501.0
Interest expense	89.9	63.3	65.0
Miscellaneous (income) expense, net	(39.1)	13.8	15.9
Income before income taxes	523.1	476.0	421.1
Income taxes			
Current			
United States	75.6	105.1	96.6
Foreign	74.6	82.7	61.0
State and local	19.6	19.9	18.0
Deferred	38.6	2.0	9.7
Total income taxes	208.4	209.7	185.3
Net income	\$ 314.7	\$ 266.3	\$ 234.8
Net income per common share	\$4.83	\$4.21	\$3.73
Average common shares outstanding (000)	65,026	63,142	62,833

See Notes to Consolidated Financial Statements on pages 46 through 51.

Consolidated Balance Sheet

ASSETS (in millions)	December 31	
	1982	1981
Current assets		
Cash	\$ 36.6	\$ 47.5
Short-term investments, at cost which approximates market	452.5	166.1
Accounts receivable, net of allowances	498.8	589.4
Inventories	775.0	977.3
Prepaid expenses	28.1	23.6
Total current assets	1,791.0	1,803.9
Property, plant and equipment		
Land	30.1	34.1
Buildings	502.5	566.8
Machinery and equipment	1,593.9	1,565.4
	2,126.5	2,166.3
Less, accumulated depreciation	784.8	824.2
Property, plant and equipment, net	1,341.7	1,342.1
Other assets	322.5	123.8
Goodwill and other intangibles, net of amortization	236.4	257.0
Total assets	\$3,691.6	\$3,527.7

See Notes to Consolidated Financial Statements on pages 46 through 51.
 * Restated. See Note on Business acquisitions.

Consolidated Statement of Changes in Financial Position

(In millions)	1982	Year Ended December 31 1981*	1980
Funds from operations			
Net income	\$314.7	\$266.3	\$234.8
Charges (credits) to income not affecting funds from operations:			
Depreciation and amortization	119.9	99.9	94.8
Deferred income taxes	38.6	2.0	9.7
Net gain on operations divested	(27.4)	—	—
Total funds from operations	445.8	368.2	339.3
Funds from (used for) nonfinancing activities			
Disposals of property, plant and equipment	19.9	26.2	30.1
Increase in other liabilities	13.5	16.3	10.8
Effect of exchange rate changes on working capital	(30.4)	—	—
Decrease (Increase) in working capital, excluding cash and short-term investments:			
Accounts receivable	5.9	3.7	(75.1)
Inventories	90.2	(25.9)	(111.4)
Prepaid expenses	(8.4)	(2.5)	—
Short-term debt	(44.6)	27.0	(18.1)
Accounts payable and accrued liabilities	(19.2)	85.8	112.6
Income taxes	(27.2)	(29.1)	25.7
Proceeds from operations divested	201.1	—	—
Other sources (uses)/net	11.7	28.0	(18.6)
Funds from (used for) nonfinancing activities	212.5	129.7	(43.9)
Total funds available before financing activities	658.3	497.9	295.4
Funds from (used for) financing activities			
Additions to long-term debt	24.5	191.3	107.1
Reductions in long-term debt	(53.8)	(104.5)	(35.6)
Common stock issued	224.4	24.0	6.5
Investments in tax leases	(48.6)	—	—
Realization of investments in tax leases	33.3	—	—
Funds from financing activities	179.8	111.0	80.0
Total funds provided	838.1	608.9	375.4
Uses of funds			
Capital expenditures	266.6	252.0	212.9
Businesses acquired, excluding cash and short-term investments	168.3	281.3	5.3
Cash dividends paid	127.7	96.3	98.0
Total funds used	562.6	629.6	316.2
Increase (decrease) in cash and short-term investments	\$275.5	\$ (20.7)	\$ 59.2

See Notes to Consolidated Financial Statements on pages 46 through 51.

* Restated. See Note on business acquisitions.

Consolidated Statement of Shareholders' Equity



(Shares in thousands) (Dollars in millions)	\$3.90 Cumulative Preferred		Common Stock				Additional Paid-in Capital	Cumulative Translation Adjustments	Retained Earnings
	Shares	Amount	Issued Shares	Treasury Stock Shares	Amount	Amount			
Balance, December 31, 1979	125	\$12.5	61,800	\$123.6	(37)	\$ (.7)	\$ 26.7		\$1,038.2
Net income									234.8
Dividends declared									(99.5)
Issued in connection with:									
Employee benefit plans			70	1	33	7	1.6		
Dividend Reinvestment and Stock Purchase Plan			169	3			4.2		
Convertible debentures			37	1			5		
Purchase of minority interest			29	1			1.3		
Treasury stock acquired				(1)					(1.7)
Balance, December 31, 1980	125	12.5	62,105	124.2	(5)	—	34.6		1,172.8
Net income									266.3
Dividends declared									(111.6)
Issued in connection with:									
Employee benefit plans			110	2	39	9	2.5		
Dividend Reinvestment and Stock Purchase Plan			221	5			5.3		
Convertible debentures			667	1.3			14.9		
Treasury stock acquired	(5)	(.5)		(39)	(1.0)		(1)		
Balance, December 31, 1981	120	12.0	63,103	126.2	(5)	(1)	57.2		1,327.5
Cumulative translation adjustments at beginning of year									
Net income									\$ (38.5)
Dividends declared									314.7
Issued in connection with:									(133.9)
Employee benefit plans			339	7			10.0		
Dividend Reinvestment and Stock Purchase Plan			316	6			10.0		
Acquisitions			2,825	5.6	20	7	105.4		
New offerings			3,000	6.0			86.3		
Translation adjustments									(53.6)
Treasury stock acquired				(25)	(.9)				
Balance, December 31, 1982	120	\$12.0	69,583	\$139.1	(10)	\$ (.3)	\$268.9	\$ (92.1)	\$1,508.3

See Notes to Consolidated Financial Statements on pages 46 through 51.

Nabisco Brands is a leading producer and marketer of branded name packaged foods. Our products include many of the world's most established and best-selling cookies, crackers, candy bars and candies, nut, margarines, desserts and cereals.

The Company markets its products in over 100 countries with production facilities in over 30 countries.

Throughout the world, Nabisco Brands businesses continue to grow and compete successfully, supported by the Company's financial strength and manufacturing, marketing and management capabilities.

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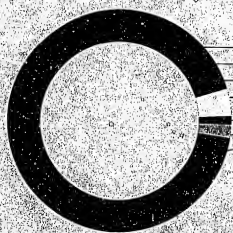
Financial Section

Corporate Information

- 2 Compares 1982 and 1981 key financial data including percent of change. Also provides charts of the Distribution of 1982 Sales Dollar and 1982 Sales by Business Segment.
- 3 1982 earnings increased 18.2% to \$314.7 million, or \$4.83 per share, after a nonrecurring gain of \$4.42 per share. During the year, we enhanced our worldwide market leadership positions, restructured the Company through acquisitions and divestitures, and further integrated our management and organizational systems. Nabisco Brands is now structured and positioned for maximum future profit.
- 6 Nabisco Brands USA product lines boast some of America's best-known brands.
- 19 Nabisco Brands Ltd is well known in Canada as a national manufacturer and marketer of consumer food, beverage and food service products.
- 22 International Nabisco Brands products have leadership positions in countries where we operate.
- 32 Nabisco Brands is a leading advertiser spending over \$220 million worldwide during 1982.
- 35 Financial Review features management's discussion of 1982 results and prior years. It also includes information on the effects of inflation.
- 40 Responsibility for Financial Statements and Report of Independent Accountants discuss the preparation and examination of financial statements.
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Financial Highlights

(In millions, except per share data)	1982	1981	% Change
Net sales	\$5,871.1	\$5,819.2	9
Net income	314.7	266.3	18.2
Per share of common stock:			
Net income	4.83	4.21	14.7
Dividends declared	2.05	1.77	15.8
Shareholders' equity	26.22	23.94	9.5
Working capital	879.4	761.9	15.4
Capital expenditures	266.6	252.0	5.8
Total assets	3,691.6	3,527.7	4.6
Average common shares outstanding	65.0	63.1	3.0
Current ratio	1.96:1	1.73:1	
Return on average common shareholders' equity	19%	19%	

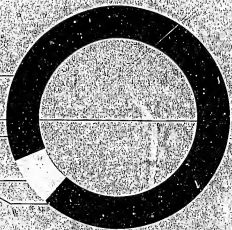


Distribution of 1982 Sales Dollar

Employee costs 24%
 Depreciation 2%
 Reinvested earnings 3%
 Taxes 4%
 Interest and other expenses, net 1%
 Dividends 2%
 Supplies and services 64%

1982 Sales By Business Segment

U.S. Grocery Products 25%
 U.S. Bakery Products 26%
 U.S. Confectionery Products 9%
 Operations Divested or Leased 7%
 International Operations 33%



Nabisco Brands Letter To Shareholders

The first full year of combined worldwide operations for Nabisco Brands, Inc., was very successful. Our activities and accomplishments in 1982 demonstrated the considerable capabilities and potential stemming from the merger of Nabisco and Standard Brands in July, 1981. During the year, we moved aggressively to acquire substantial businesses that would enhance our worldwide market leadership positions and long-term profit potential. Similarly, we divested ourselves of operations which contributed only minimally to those ends. In so doing, we expanded our broad array of famous brand name products.

While implementing these strategies, we were also able to achieve record sales and earnings for 1982, despite very difficult economic conditions in many countries.

1982 Sales and Earnings Increase Net income increased 18.2% to \$314.7 million in 1982, up from \$266.3 million a year earlier. Earnings per share showed a 14.7% gain, increasing to \$4.83 in 1982, versus \$4.21 reported for the prior year. The 1982 results include a net nonrecurring after-tax gain in the fourth quarter of \$27.4 million, or \$4.42 per share, which resulted from the divestitures of our beverage, toiletries and pharmaceuticals, and household accessories businesses.

Sales for 1982 increased 0.9% to \$5.9 billion, with gains limited by business divestitures made during the year and the operating lease arrangement of our Clinton corn wet-milling facilities to another company. In addition, the strength of the U.S. dollar had an adverse impact on our international results, although these businesses achieved very good gains in terms of local currencies.

Dividends Continue To Grow The common stock dividend was increased 11.2% at the February, 1983, Board of Directors meeting to an indicated annualized rate of \$2.28 per share. This reflects the Board of Directors' confidence in Nabisco Brands sound financial condition, as well as in its ability to grow.

Financial Strengths Nabisco Brands continues to build financial strengths which support our development and growth. We have an excellent balance sheet that provides us with the resources to underwrite aggressive programs for manufacturing, research, marketing and acquisitions.

During 1982, the Company's debt securities commanded a AA rating, and at year end, our cash and short-term securities position stood at almost \$500 million. Capital expenditures for the 1982 year totaled \$267 million.

The equity base of the corporation was strengthened through a public offering of 3 million shares of common stock. In addition, approximately 2.7 million shares were issued in an exchange offer to acquire the outstanding stock of Huntley & Palmer—a United Kingdom-based company acquired at year end—as very few of its holders elected a cash payment alternative. To offset the higher than anticipated shares issued for Huntley & Palmer, the Company repurchased 2 million common shares early in 1983, which will be issued in the future for stock benefit and purchase programs.

Return on Equity continued to be among the highest in the food industry, reaching 19% for 1982.

Our Strategic Worldwide Plan Our primary operating strategy is to maintain and build leadership for Nabisco Brands products in markets throughout the world. Most of our well-known consumer products are already market leaders and are backed by strong and extremely versatile distribution systems. During the past year, your Company's marketing and technological capabilities enabled these products to further expand their leading positions. Concurrently, this expertise provided success in new product development and introductions.

More growth will be stimulated by Nabisco Brands global diversification, which provides the means to transfer products across geographic boundaries and yields opportunities for our strong worldwide management.

Streamlined For Profitable Growth Our policies regarding acquisitions and divestitures are consistent with our corporate strategy. We continue to concentrate our capital and management resources to achieve that objective.

Our recent acquisitions have the products and potential that reinforce Nabisco Brands worldwide market leadership positions. Life Savers products have strong consumer acceptance with the well-known Life Savers Hard-Roll Candy, Caramel Sugarless Gum, Breath Savers Sugarless Candy and Bubble Yum Bubble Gum. Huntley & Palmer, acquired as of year end 1982, is a leading manufacturer of biscuit products and snack foods and has annual sales in excess of \$600 million. Its principal operations are located in the United Kingdom, with businesses also in Canada, France, Germany, Ireland, India and the Far East.

The businesses we divested during the year did not conform with our strategic criteria. In aggregate, these activities accounted for approximately \$700 million in revenues on an annual basis, but contributed only minimally to our earnings base.

Accordingly, we sold the following: Freezer Queen frozen food operations; Julius Wile Sons wine and spirits business, and a minority interest in All Brand Importers imported beer operation; I. B. Williams toiletries and pharmaceuticals; and the Hygiene Industries and Everlon Fabrics household accessories businesses.

In addition, we entered into a long-term operating lease for our corn wet-milling plants in Iowa and New York, and exited the coffee and tea businesses in the United States.

The divestiture portion of our strategic plan has been essentially completed. Our continuing operations are now structured to maximize future profit potential.

Integrating Our Management Team During 1982, we made excellent progress in further integrating the Company's management talents and organizational systems. After initially establishing Nabisco Foods and Nabisco Products as operating units to manage the organization, we decided early in 1982, to further reorganize along more functional geographic lines. We refined our worldwide businesses into two units—Nabisco Brands USA and International Nabisco Brands, which includes Canada. We also relocated Nabisco Brands Corporate Headquarters to Nabisco Brands Plaza, Parsippany, New Jersey.

Challenges for 1983 As we move ahead in 1983, we are facing substantially increased competition against our core domestic bakery business, particularly in cookies and snacks. Nabisco Brands will meet this competition with new and intensified marketing and product programs.

We plan to infuse Huntley & Palmer with substantial capital and management resources in order to build upon their many fine and well-established brands. These investments, as indicated in the report of The Monopolies and Mergers Commission in the United Kingdom, which approved this acquisition, will enable Huntley & Palmer to realize its growth potential over the next 3 to 5 years.

Nabisco Brands is financially strong and has a talented and aggressive management team to meet the challenges of the 1980's.

A Look Ahead. We are only just beginning to realize the potential benefits of the 1981 merger of Nabisco and Standard Brands. But we believe strongly that our operations and profitability will improve in the years ahead. Meanwhile, we continue to emphasize our corporate-wide programs to enhance productivity and efficiency. Combining these positive steps with our financial strengths and leadership position in global markets, we feel justifiably confident about our future.

We have made tremendous strides already, thanks to the contributions of our employees and the loyalty of many members of Nabisco Brands large community of distributors, suppliers, customers and shareholders. We look forward to continuing to share our growing success with each of you.

January 31, 1983


Robert M. Schaeferle (seated)
Chairman and Chief Executive Officer


F. Ross Johnson (standing)
President and Chief Operating Officer



NABISCO BRANDS USA

Ongoing Businesses (in millions)	1982	1981	1980	1979	1978
Sales	\$3,522.4	\$3,087.8	\$2,918.6	\$2,679.9	\$2,475.9
Operating Income	440.3	385.2	320.0	307.7	271.8

Nabisco Brands USA reported sales of \$3.5 billion in 1982. We have a leadership position in 8 primary product areas: cookies, crackers, nuts and snacks, desserts, cereals, margarines, confectionery and food service.

Our U.S. product lines boast some of America's best-known brands as well as a stream of successful new products.

U.S. Bakery Products

Crackers:

Better Cheddars Snack Thing
Cheese Nips Crackers
Chicken In A Biskit Flavored Crackers
Escort Crackers
Honey Maid Graham Crackers
Oysterettes Soup & Oyster Crackers
Premium Salting Crackers
Ritz Crackers
Triscuit Walers
Uneeda Biscuits
Wawerly Walers
Wheatsworth Stone Ground
Wheat Crackers
Wheat Thins Snack Crackers

Cookies:

Barnum's Animals Crackers
Bisco Sugar Walers
Cameo Creme Sandwich

Chips Ahoy! Chocolate Chip Cookies

Chocolate *Pamlets* Cakes

Fig Newtons Cookies

Hershey's Caramel Peanut Logs

Stream Sandwich Cookies

Lorna Doone Shortbread

Mallinckrodt's Chocolate Cakes

Nilla Wafers

Butter Butter, Peanut Butter
Sandwich Cookies

Oreo Chocolate Sandwich Cookies

Patty Graham's Cookies

Secret Tea Biscuits

U.S. Confectionery Products

Buffy Ruth Candy Bar

Brandy Snuggs Sugarless Candy

Bubble Yum Bubble Gum

Butterfinger's Candy Bar

Care Free Sugarless Gum

Charleston Chew Candy Bar

Chuckles Candy

Junior Mints Candy

Life Savers Hard-Roll Candy

Pearson Specialty Candy

Sugar Daddy Pop

Welch's Chocolate Covered Cherries

U.S. Grocery Products

Blue Bonnet Margarines

Burros Tortilla Chips

Corn Diggers Snacks

Cream Of Wheat Cereal

Doritos Snacks

Drumstick Dates, Pimientos and
Cake Mixes

Egg Beaters Cholesterol-Free
Egg Substitute

Flitzmann's Margarines,
Vinegar and Yeast

Foster's Lager Australian Beer

Milk-Bone Brand Dog Biscuits

Misler Salty Pretzels

Moosehead Canadian Beer

Nabisco 100% Bran Cereal

Nabisco Shredded Wheat Cereal

Planters Peanuts Mixed Nuts

Deluxe Mixed Nuts

Cashews and Sesame Nut Mix

Planters Cheezy Balls, Cheezy Curls

Corn Chips and Pretzels

Potato *Chips* Snacks

Royal Gelatins and Puddings

Smuck Male Cheese Spread

Spoon Size Shredded Wheat Cereal

Tram Flakes Cereal

Nabisco Brands USA

Bakery Products (In millions)	1982	1981	1980	1979	1978
Sales	\$1,520.0	\$1,412.8	\$1,266.5	\$1,164.3	\$1,052.4
Operating Income	225.0	205.1	178.0	173.4	157.0

Building on Leadership

During the year, U.S. Bakery Products built upon its strengths: the industry's best-known brands and most advanced technologies. U.S. Bakery Products registered a 9.7% increase in operating income and a 7.6% increase in sales.

Operating income showed a good gain, with both lower commodity prices and improved productivity contributing positively to the year's results. Sales also increased as Nabisco Brands maintained its market share and solidified its

leadership position in an increasingly competitive environment.

Spearheading our 1982 results were outstanding performances by such well-established products as Nabisco Brands Ore Chocolate Sandwich Cookies, *Chips Ahoy!* Chocolate Chip Cookies and *Premium Saltine Crackers*, coupled with favorable public response to our new products. Good gains were also recorded by the pure chocolate varieties.



Among the products introduced nationally last year were our *Gold Line* of premium dessert cookies and a new and improved *Chips Ahoy!* Chocolate Chip Cookie. In addition, we successfully introduced two new snack crackers, *Potato 'n' Sesame Snack Thins* and *Nadéo 'n' Corn Thins* as well as Cheese *Ritz* Crackers and *Nabisco* Apple Bars.

With our Research and Development Center in Fair Lawn, New Jersey, continuing to develop new types of cookies, crackers and snack foods, as well as improved versions of established brands, our schedule calls for the introduction of several major new products in 1983.

Blueprint for Growth

The market for cookies and crackers in the United States rests on a substantial foundation of con-



Nabisco Brands crackers maintain their market leadership, as our snack cracker products continue to make strong gains.

sumer demand approximating 3 billion pounds a year. Some 87% of all U.S. households buy cookies, while 95% buy crackers, with the average household consuming 20 pounds of cookies and 19 pounds of crackers.

Your Company continues to maintain its leadership in market shares for cookies and crackers by doing everything it can to increase consumer awareness of its brand name products—from Oreo Chocolate Sandwich Cookies and Chips Ahoy! Chocolate Chip Cookies to Ritz Crackers and Wheat Thins Snack Crackers.

Last year alone, over \$100 million was invested in marketing programs designed to publicize and promote our brand names. For 1983, U.S. Bakery

Products investment in marketing will be even larger.

The success of these efforts is underscored by independent studies that, year after year, show Nabisco Brands leading all competitors by wide margins in public awareness of cookie and cracker brand names.

Sales Force, New Facilities

Another important and distinct factor in U.S. Bakery Products strategy is its unique sales force of more than 3,000 men and women, which is by far the largest, most capable and most effective in the cookie and cracker industry. It is this sales force that makes it possible for Nabisco Brands



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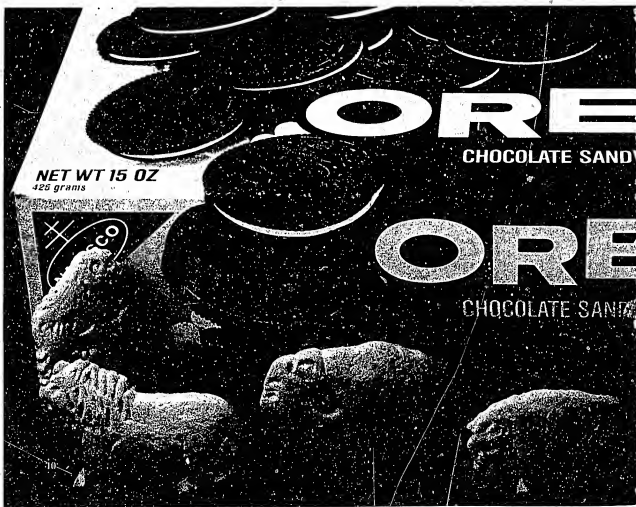
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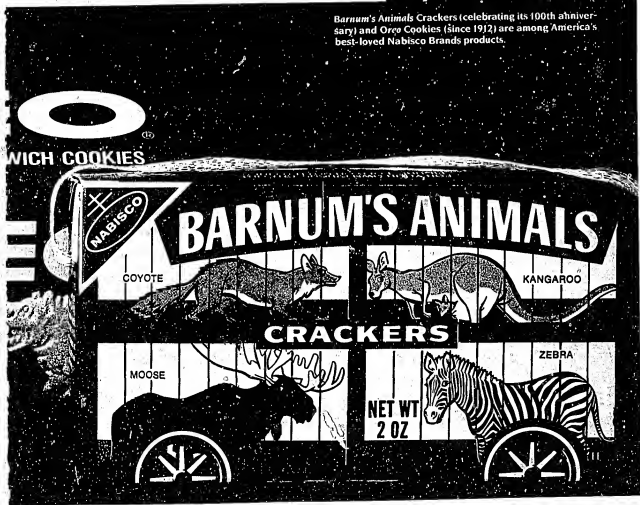
to make a personal call at least once a week on just about every major retail food outlet in the nation.

Equally important in achieving profitable growth is the ability to make productivity gains in the face of constantly rising costs. U.S. Bakery Products has been extremely successful in this area, with significant improvements going on line in 1982 and further advances slated for this year.

Among the contributions to enhance productivity in 1983 will be the completion of a fully automated high-rise warehouse in our Chicago facility—the world's largest cookie and cracker bakery. A similar warehouse is already in place at our Richmond bakery.



Barnum's Animals Crackers (celebrating its 100th anniversary) and Ore Cookies (since 1912) are among America's best-loved Nabisco Brands products.



Nabisco Brands USA

Confectionery Products (In millions)	1982	1981	1980	1979	1978
Sales	\$528.5	\$265.9	\$272.7	\$217.9	\$194.8
Operating Income	47.0	23.2	24.0	24.0	18.3

Last year was especially rewarding for U.S. Confectionery Products, which includes Life Savers, Curtiss Candy and Nabisco Confections. We achieved notable gains in operating results, largely due to the inclusion of the Life Savers operation from the beginning of 1982.

During the year, we successfully refocused a major part of Life Savers energies and resources to concentrate on the four products with the strongest consumer franchises and the greatest growth potential. We have already had dramatic

results from these strategies. For 1982, Life Savers Candy experienced a significant tonnage gain, Care*Free Gum and Breath Savers Candy enjoyed large sales increases, and Buffle Yum Bubble Gum successfully introduced new strawberry and sugarless grape flavors. Looking to 1983, these four brands—especially the sugar-free items—are positioned to capitalize upon the confectionery industry's fastest growing segments. We will further expand our marketing efforts in 1983.

In another important step, we merged Baby Ruth and Butterfinger Candy Bars from the Curtiss

Butterfinger CURTISS

LIFE SAVERS

LESS THAN 10 CALORIES PER PIECE

care*free

Cinnamon SUGARLESS GUM

free GUM

Candy Division into the Life Savers operation early in 1983. The resulting combined marketing operation will strengthen the potential for these two products. Sales should respond favorably to representation by the 700-person Life Savers sales force.

Two Nabisco Confections products, *Junior Mints* and *Charleston Chew!* Candies, achieved volume gains in 1982. *Chuckles* Candies again expanded its market leadership in the category of fruit-flavored, sugar-coated jelly candies. We also continued to be successful in our sales to the home candy-making market during 1982 through our Merckens chocolate operation, which realized large volume gains.



Life Savers popular brands provide an important extension of the Nabisco Brands diversified family of confectionery products.



Nabisco Brands USA

Grocery Products (in millions)	1982	1981	1980	1979	1978
Sales	\$1,473.9	\$1,409.1	\$1,379.4	\$1,297.7	\$1,228.7
Operating Income	168.3	156.9	118.0	110.3	96.5

U.S. Grocery Products attained excellent results in 1982, with strong performances by each of its six major product lines: margarine, yeast, nuts, desserts, cereals and pet snacks. Nabisco Brands Food Service operations also contributed in increased earnings.

Each of the operating areas of this group is distinct in terms of its markets and products. Accordingly, Nabisco Brands manages each area with different strategies and goals.

Staying Healthy in Margarine

Nabisco Brands continued its overall leadership in the highly competitive \$1.6 billion margarine market. Fleischmann's and Blue Bonnet Margarine together garnered nearly one-fifth of this market.

In response to consumer trends, we test marketed Fleischmann's Light in 1982—the first lower fat, calorie spread with reduced salt content.

Fleischmann's Light was launched nationally early in 1983, and we anticipate important incremental volume as a result.

Our margarine division's four modern plants

COON RIZE

PLANTERS
Cocktail
PEANUTS

NET WT. 12 OZ.

NO SUGAR OR SALT ADDED

SPO S
SHRE W

100% NATURAL W
Source

are taking further steps to improve productivity, including the use of robotics.

A Strong Year for Planters

During 1982, Planters extended its leadership in the nut business and increased sales in its canister snack line.

Sales volume in both areas grew throughout the year, buttressed by greatly expanded programs for advertising and promotion. Planters reported results approached the previous year's record levels.

While maintaining its clear leadership in the oil-roast and dry-roast nut categories, Planters also completed the nationwide roll-out of canister snack products in 1982.



Sales of Nabisco Brands' peanut and cereal products reached new highs in 1982.

ON
IZE
DED
WHEAT
HOLE W
of Natural P



Additional investments have been made in research and development toward the creation of unique new products that will further enhance the Planters franchise.

New Products and Direction in Desserts

Royal desserts introduced new pudding items in 1982, which led the way to a jump in market share. Contributing to the sales increase was the use of the famed Nabisco red triangle on packaging for the first time. By emphasizing "no-bake" products and concentrating on our strong geographic areas, we enjoyed excellent earnings improvement in this market area.

During the year, we made significant improvement in efficiency at our automated dessert facility at Seville, Ohio.

Growing Fast in Cereals

With *Cream Of Wheat* Cereals, Nabisco Brands has an important share of the hot cereal market. In 1982, we implemented several aggressive steps to keep our rate of growth ahead of the market's overall pace.

We successfully introduced a new line of Mix 'n Eat *Cream Of Wheat* Cereals in a variety of flavors, including the popular apple cinnamon. Also, we completed a major modernization of our dedicated hot cereal plant in Minneapolis—and the new lines are already operating at peak performance.

The processing and packaging improvements realized at this plant are part of a major productivity drive in our Grocery Products Division.



We are also well established in certain categories of the ready-to-eat cereal market, with *Nafisco* Shredded Wheat and *Spoon Size* Shredded Wheat. To broaden our appeal and market share, a major new cold cereal product, *Toasted Wheat & Raisins*, is being introduced early in 1983.

Pet Snacks

Another area of U.S. Grocery Products is pet snacks, where our *Milk-Bone* line is the market leader. During the year, we successfully introduced *Butcher Bones* Dog Snacks, which combine all the teeth-cleaning benefits of a traditional dog biscuit, with the taste appeal of meat. As part of our group-wide productivity program, we have



Nabisco Brands products enjoy leadership positions in two significant segments of the margarine market.



Improved the mixing system in our Denver pet food plant and the drying process in our Buffalo facility.

Food Service Earnings Rise

Our Food Service operation sells the complete Nabisco Brands product line to all segments of the away-from-home food market, which encompasses everything from restaurants to plant cafeterias to vending machines. While the sale of our grocery coffee business resulted in lower volume in 1982, profits increased dramatically for the year.

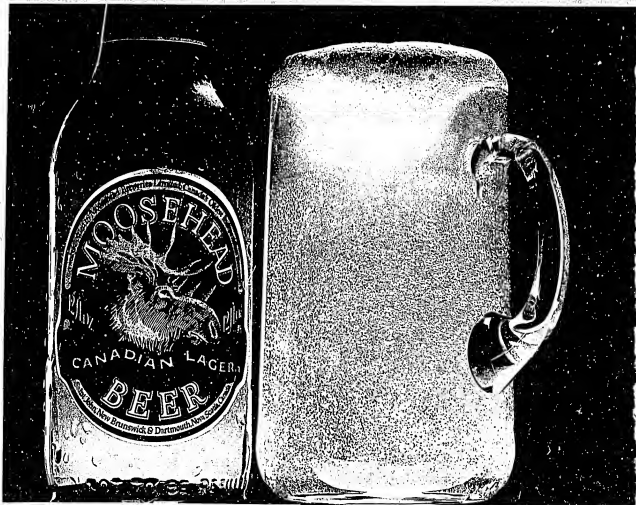
Food Service was one of the first areas to take advantage of the merger, by combining our sales, marketing and distribution personnel to sell a greater variety and volume of products.

All Brand Importers, Inc.

All Brand Importers recorded another outstanding year for our imported beer business. Again leading the way was *Moosehead* Canadian Beer, supported by good results from *Fosters* Lager Australian Beer and *Carlsberg* Danish Beer.

In recent years, All Brand has grown at twice the rate of growth of the total imported beer business in the United States.

In October of 1982, we sold a minority interest in All Brand to Whitbread PLC in the United Kingdom. With our position in All Brand, Nabisco Brands is poised to take advantage of the potential of this fast growing business.



NABISCO BRANDS LTD CANADA

Nabisco Brands Ltd is well known in Canada as a national manufacturer and marketer of consumer food, beverage and food service products.

Continuing a 75-year tradition of success, Canadian operations achieved sales of more than \$600 million in 1982.

Almondillo's Chocolates
Blue Bonnet Margarine
Café Wines
Chase & Sanborn Coffee
Chips Baking Chips
Chips Ahoy! Chocolate Chip Cookies
Cream Of Wheat Cereals
Dr. Bullard's Canned and Dry Dog Foods

Dikson's, Club and Melrose Food Service Coffees
Fleischmann's Margarine and Yeast
Fudge-O Cookies
Honey Maid Graham Crackers
Life Savers Hard-Roll Candy
Lowney Candy and Nut Products
Magic Baking Powder
McGuinness Spirits
Milk-Bone Brand Dog Biscuits
M&M's Canned Cat Food
M&M's Boxed Chocolates
Nabisco Brain Bites and Raisins Cereal
Oh! Hooray! Chocolate Bars
Oreo Chocolate Sandwich Cookies
Orville Mint Sticks
Pirate Cookies
Planters Nuts and Snack Products
Premium Plus Crackers
Ritz Crackers
Royal Desserts
Shreddies Cereal

Nabisco Brands Ltd

Canada (in millions)	1982	1981	1980	1979	1978
Sales	\$607.4	\$599.9	\$552.4	\$471.8	\$437.8
Operating Income	57.8	56.4	47.0	39.7	29.1

1982 was a year of consolidation for our Canadian company. While sales and operating results were comparable to the prior year, this performance is commendable given the current Canadian economic conditions.

The major achievement in 1982 was to consummate the formation of Nabisco Brands Ltd as a new company, combining two long-established Canadian companies—Christie, Brown and Company, Limited and Standard Brands Limited—with the operations of Life Savers Canada Inc.

The new operating unit affords the strengths and economies of size, as well as opportunities to share expertise and distribution capabilities.

We are Canada's principal producer of cookies and crackers with *Ritz*, *Premium Plus*, *Oran* and *Chips Ahoy!* We are the leader in margarines with *Fleischmann's* and *Blue Bonnet*, and in cereal products with *Shreddies* and *Cream Of Wheat*. Nabisco Brands also leads in pet foods with *Dr. Ballard's* Cat and Dog Foods, *Milk-Bone* Dog Snacks, and *Miss Maw* Canned Cat Foods. Our confectionery products include *Moirs Pot Of Gold* and *Almondillo*.



Chocolates, along with Lowney's Oh Henry! and Eat-More Candy Bars. Life Savers and Planters products also have strong market positions.

During 1982, our entire nut business gained in market share, with Planters products leading the way. M&M's boxed chocolates also gained.

We are the largest supplier of food service coffee in Canada, and in 1982 further increased our market position with our wide range of brands and blends.

The Consumer Foods Division, with baking ingredients, margarines, desserts and cereals, performed strongly—helped by Bran Bites and Raisins, a 1981 cereal introduction which blossomed in its second year, and by the newest member of our family of margarines, Fleischmann's

Sunflower Oil Margarine. McGuinness Distillers and Christie, Brown and Company, our biscuit division, also had very strong years.

During 1982, we successfully regionally introduced Lowney Peanut Butter Cups which will be expanded nationally next year. Also, Ovation Mint Sticks, a Dröste chocolate product from Holland, has been so successful that we began to manufacture them in Canada during the year.

Besides the above areas, we are the Canadian leader with Fleischmann's Consumer and Bakers Yeasts, Magic Baking Powder and Chiplets Baking Chips. Calona Wines' Schloss Laderheim is now the best-selling table wine in Canada.

Our Canadian operations were combined in 1982 to become one of Canada's most important packaged food companies.



INTERNATIONAL NABISCO BRANDS

Ongoing Businesses Excluding Canada (In millions)	1982	1981	1980	1979	1978
Sales	\$1,333.6	\$1,362.0	\$1,377.8	\$1,198.0	\$1,065.8
Operating Income	136.5	121.5	114.9	85.8	79.0

Nabisco Brands products have leadership positions in most countries in which we operate. International sales, excluding Canada, amounted to \$1.3 billion in 1982.

Our International Operations are managed by regional areas—Latin America, the United Kingdom, Continental Europe and Asia/Pacific. These operations are characterized by a highly decentralized approach that utilizes the expertise of local managers.

Europe:

Aralla Pastas and Cannelloni
 All Herb Teas
 Catani Pizza Mixes
 Chinglers Potato Snacks
 Dorsie Chocolate Products
 Friulite Snack Crackers
 Mandin de Jacobert Frozen Pastries
 Oro Sweet Biscuits
 Parisienne Pastry Cake
 Pynio Chocolate Covered Sweet Biscuits
 Petits Cœurs Sweet Biscuits
 Premium Saline Crackers
 Riera-Munsa Dry Baby Foods, Flour Mixes and Instant Mashed Potatoes
 Ritz Crackers
 Royal Desserts, Gelatins and Cake Mixes
 Supra Coffee
 Van Nelle Coffee, Tea, and Tobacco

AL NDS

United Kingdom:

Bendicks Confectionery

Big D Nuts

*Crummy Smiths Pastry,
Bread and Cheese Cake Mixes*

*Hovis Crackers and
Digestive Biscuits*

Huntley & Palmer's Biscuits

Jacob's Club Biscuits

Nabisco Shredded Wheat Cereal

*Peck Freese Sweet and
Savoury Biscuits*

Planters Nuts and Snack Products

Ritz Crackers

*Royal Desserts, Gelatins and
Cake Mixes*

Santa's Cakes

Sheridan's Cereal

Tra Tm Sweet Biscuits

*The Countryside Biscuits,
Mallows and Crackers*

Walkers Crisp Snack Products

Latin America:

Annona Dessert Products

Cameo Cream Sandwich Cookies

*Fleischmann's Baking Products
and Yeast*

Gloria Powdered Milk

Oreo Chocolate Sandwich Cookies

Planters Nuts and Snack Products

Pommes Delicatessen Products

Ritz Crackers

Royal Baking Products

Royal Desserts and Drink Powders

Rojulima Drink Powders

Salmaso Dog Biscuits

Sorbeta Sugar Wafers

Asia/Pacific:

Chase & Sanborn Coffee

Chicken in A' Bikit Flavored Crackers

Chips Away! Chocolate Chip Cookies

ChipsAway Fabricated Potato Chips

Corn Diggers Snacks

Minties Candies

Picola-Creme Cookies

Planters Nuts and Snack Products

Premium Saltine Crackers

Ritz Crackers

Royal Brand Products

Rang Slice Biscuits

Vita Brits Cereal

Weeties Cereal

International Nabisco Brands

Europe (in millions)	1982	1981	1980	1979	1978
Sales	\$532.6	\$551.0	\$625.6	\$608.8	\$545.9
Operating Income	46.2	36.8	40.1	34.6	28.4

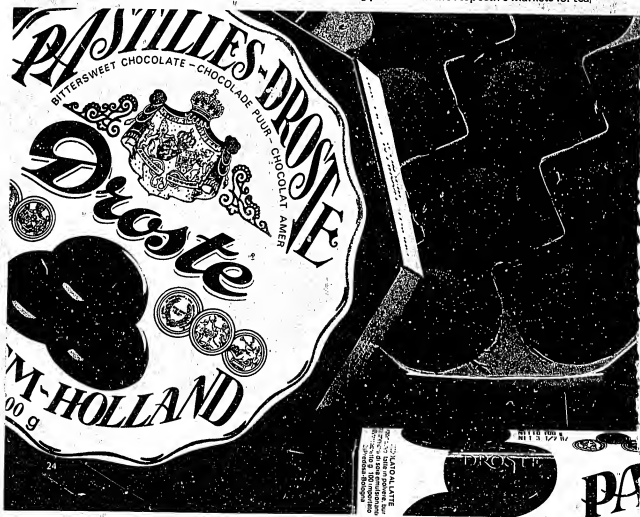
Given the economic climate in Europe, increases in commodity prices and the strength of the U.S. dollar, operating results were excellent in 1982.

Droste, our well-known brand of chocolates and cocoa in the Netherlands, again benefited from the quality and image of its products, and also from increases in its exports, especially to the U.S.

Our operations in France produced a very strong performance last year. Biscuits Belin, our French baked goods company, continued to grow with *Pepto*, Chocolate-Covered Biscuits, the best-

selling sweet biscuit in France. *Chipster* Potato Snacks achieved good volume gains. *Feuillette*, *Monaco* and *Minizza* Crackers helped Biscuits Belin maintain its leadership in the cracker market. Belin's new *Minizza* Crackers were awarded the "Oscar's L.S.A. des Produits Nouveaux", as the most unique and successful new food product introduced in France in 1982. Sales increases were aided by the increased capacity provided by our enlarged manufacturing facility at Evry.

In Italy, during 1982, we improved our already strong positions in the respective markets for tea,



cake mixes and pizza mixes, as well as in the market for salted biscuits. Iced tea and soft drink mixes are being launched in shelf-stable packages.

Tea and *Royal Cake Mixes* maintained their market leadership, while *Oro Biscuits*, *Chipsier Snacks* and *Premium Crackers* continued their prominence among biscuits, snacks and crackers. During the year, we also expanded distribution of *Planters* products in Italy. A major investment of approximately \$30 million for a new Italian biscuit bakery at Capriata D'Orba has been approved.

In Spain, new management has made significant progress in several areas of the Company's operations. A new cookie product, *Princesa*, is enjoying an excellent market reception.



While tastes vary from country to country, Nabisco Brands products are noted for their quality and popularity throughout Europe.



International Nabisco Brands

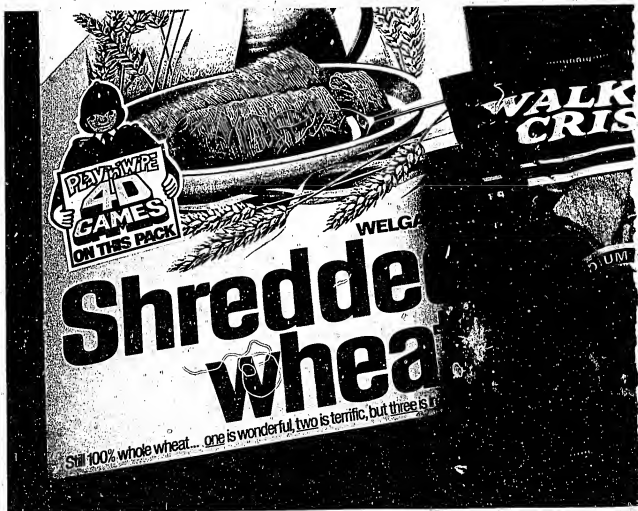
United Kingdom (in millions)	1982	1981	1980	1979	1978
Sales	\$249.5	\$272.4	\$279.1	\$188.3	\$146.1
Operating Income	21.2	19.6	27.7	18.6	15.4

Despite a climate of economic austerity in the U.K., Nabisco Brands is more than holding its own. Developments in 1982 were dominated by the acquisition of Huntley & Palmer Foods, which adds approximately \$600 million in sales volume, principally in Great Britain. The acquisition was effective at year end 1982, and was not included in Nabisco Brands' 1982 operating results.

Huntley & Palmer has a broad range of internationally successful cookies, crackers, snacks and confectionery products. They include such well-recognized brands as *Jacobs Club Biscuits* and

Cream Crackers, *Park Fruits Favorites* and *Bondles Confections*. The *Smiths Crisps* operations together with *Walkers Crisps* provide a leading position in the sizable snack market in the U.K. Huntley & Palmer's operations in France, Canada and the Far East will highly complement existing Nabisco Brands international businesses.

The standout among our operations in the U.K. was again *Walkers Crisps*, which continued to show growth in volume and market share of its major product—potato chips. Walkers also commenced production at its new ultramodern



potato chips factory in Beaumont Leys.

We began to broaden our *Planters* product line in the U.K. during the year, taking a strong competitive step by rechanneling distribution through *Walkers Crisps* operations.

Our U.K. desserts and baking products operations completed integration of the production, marketing and distribution activities of its *Graham Smith's*, *Royal* and *Mary Baker* dry mix desserts and baking products businesses. We also expanded our cracker products in the snack market with highly successful introductions of *Ritz* Cheese Snack Packs and *Ritz* Pizza Snacks. *Nabisco* Shredded Wheat and *Shreddies* performed well in the cereal market, continuing their successful patterns.



Nabisco Brands already broad variety of products was greatly expanded by the year-end acquisition of *Hungley & Palmer*.



International Nabisco Brands

Latin America (in millions)	1982	1981	1980	1979	1978
Sales	\$373.8	\$377.5	\$333.3	\$287.7	\$259.5
Operating Income	57.1	58.7	42.3	29.9	29.1

While our rate of growth in the region was slowed somewhat due to severe economic problems in Argentina and Mexico, this was counterbalanced by strong results from Brazil, Colombia and Uruguay.

We maintained and expanded our market leadership in numerous product lines. *Royal* dessert products are our historic sales foundation in most Latin American countries, and they continued to be a bellweather in 1982. *Fleischmann's* Yeast, *Royal* Baking Powder and *Nabisco* Biscuits

are other consistently successful products which performed exceptionally well.

Life Savers operations in Mexico, Venezuela, Panama and Guatemala will provide an excellent opportunity to participate in Latin American confectionery markets.

In Brazil, our largest South American operation, we improved our market shares and margins. We perceive great opportunity in Brazil with respect to new products. Our strategy is to move into more specialized product areas, such as the *Gloria* line of milk products.

Royal®
MEZCLA PARA HACER
Helado
sólo batir con leche y
sabor a fresa
congelador!

MEZCLA PARA HACER
Quesillo
Royal

28

Our Venezuelan companies performed well, expanding our already well-established biscuit operations, as well as *Planters* and *Life Savers* products.

Planters products were also successfully introduced in Colombia during the year. Both snacks and nuts performed well.

Like most business operations in Mexico, we have been adversely affected by currency devaluation, cost increases and price controls. However, the scope and geographic spread of our Latin American businesses enables us to absorb problems of this nature.



Royal desserts' best-selling brands have led the way to market leadership for the Nabisco Brands family of products in Latin America.



International Nabisco Brands

Asia/Pacific (in millions)	1982	1981	1980	1979	1978
Sales	\$177.7	\$161.1	\$139.8	\$113.2	\$114.3
Operating Income	12.0	6.4	4.8	2.7	6.1

During 1982, we continued to build upon our leading brands in each country within this region—the largest for Nabisco Brands in terms of geography and population.

In Japan, we maintained our strong positions in both the biscuit and snack markets. In addition, we completed the successful development of a new soft cake business and introduced Planters Nuts and Snacks. Our major joint venture partner, Yamazaki Baking, provides us with their

38,000 grocery stores as sales outlets for our products.

In Southeast Asia, we have successfully established Planters Cheez Balls and Cheez Curls, which are also exported to the Middle East.

Our Australian operations once again were led by cereal sales, in which we ran second with Weetles Cereal, our featured brand. We also sell 40 varieties of biscuits in Australia. During 1982, we expanded our nut business with a national launch of dry-roast nuts.



Nabisco Brands has an even stronger position in New Zealand, where we are the dominant market factor in biscuits and confectionery products. During 1982, we increased our business in the confectionery area.

With the acquisition of the United Kingdom-based Huntley & Palmer in 1982, we have increased our market presence and penetration in the Asia/Pacific area with strong brand franchises.



World-favorite Nabisco Brands products are market leaders throughout the vast Asia/Pacific region.



MARKETING AND MEDIA



The Nabisco Dinah Shore Invitational

Last April, we were proud to sponsor the richest, most heavily viewed tournament in women's golf. Amid beautiful surroundings and inspired by worldwide media coverage, the best women golfers on the professional circuit put on a fabulous show for the on-site gallery and millions of television viewers.

The first annual Nabisco Dinah Shore Invitational was an outstanding success. We expect even more of the same at the 1983 Tournament—Dinah's 12th and our second.

Nabisco Brands develops and utilizes major marketing and advertising programs that are among the most innovative and effective of any consumer products company.

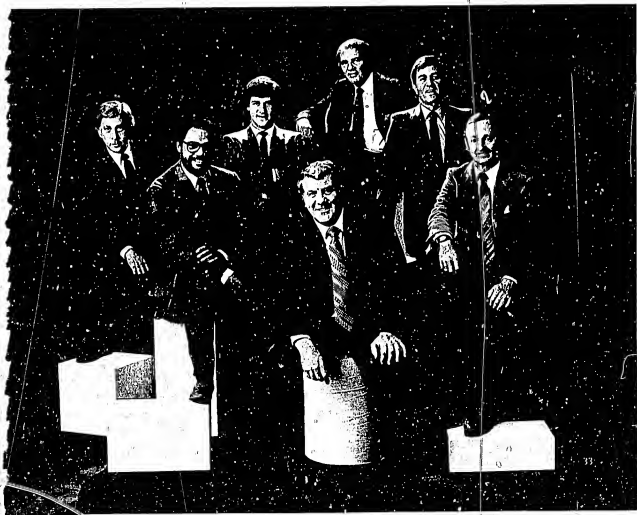
During 1982, we continued to employ great individual sports figures in our marketing programs and expanded and intensified our involvement in important sports events.

Nabisco Brands is proud of its continuing relationships with some of the sports world's most distinctive and distinguished personalities. Pictured below (Left to Right) are David Marr, Reggie Jackson, Bobby Orr, Alvin Webster, Frank Glifford, Don Meredith and Rod Laver. (Not Photographed: Jay Hebert.)

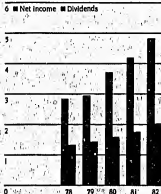
The Nabisco Happy New Year

The Company invested over \$100 million in broadcasting advertising in 1982 in the U.S., starting the year with commercials for several products on the January 1 telecasts of the Tournament of Roses Parade. With some 70 million viewers in the U.S. alone, the Parade ranks as the world's biggest TV event.

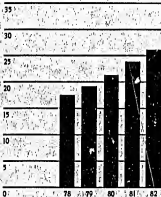
This year, Nabisco Brands made television history by becoming exclusive sponsor of the Rose Parade on both major networks telecasting it: CBS and NBC. We had a total of 71 spots for 26 products, plus five airings of a special 30-second corporate message.



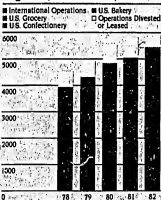
Net Income and Dividends Per Common Share (Dollars)



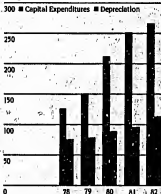
Book Value Per Common Share (Dollars)



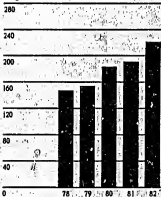
Net Sales By Business Segment (Millions of dollars)



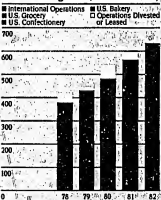
Capital Expenditures and Depreciation (Millions of dollars)



Media Advertising Expenditures (Millions of dollars)



Operating Income By Business Segment (Millions of dollars)



Net Income Per Common Share Increased at a compound annual rate of 15% during the five-year period. **Dividends Per Common Share** Increased in each of the last five years, rising to \$2.05 in 1982, a compound annual rate of 11%.

Capital Expenditures and Depreciation Increased in each of the last five years reflecting Nabisco Brands' commitment to expand, maintain and improve the Company's production and distribution facilities.

Book Value Per Common Share reached \$26.22 in 1982 and represents the Company's shareholders equity applicable to each share of common stock.

Media Advertising Expenditures increased to \$222 million in 1982 from \$148 million in 1978, reflecting the growth in TV, radio and print advertising programs.

Net Sales By Business Segment show the sales contribution of each of the Company's business segments. Sales of the ongoing businesses reflect a compound annual growth rate of 8%.

Operating Income By Business Segment reflects each segment's contribution to operating income, before Corporate expenses. Operating income from ongoing businesses shows a compound annual growth rate of 12%.

Financial Review



1982 Operations Compared with 1981 Operations

The Company's net sales in 1982 were \$5,871.1 million, a 1% increase over 1981 net sales. Operating income increased 4% to \$573.9 million. The 1982 results reflect the addition of Life Savers, Inc. business for all of 1982, lower international sales due to the strength of the U.S. dollar and less than a full year's sales from operations that were sold or leased in 1982. Such operations include the sale of The J. B. Williams Company (toiletries and pharmaceuticals), Jullus Wile Sons & Co. (U.S. wine and spirits), Everlon Fabrics and Hygiene Industries (household accessories), frozen foods operations and the lease of the Clinton corn wet-milling operation. After excluding these divested or leased operations, the Company's net sales increased 8% over comparable 1981 net sales, and operating income, before corporate expenses, rose 13% over comparable 1981 levels, thus showing the basic strength of the ongoing businesses.

U.S. Bakery Products showed continued strength in 1982, with both cookies and crackers maintaining their leading market shares. Sales were up 8% and operating earnings were up 10%. Increases for Oreo Chocolate Sandwich Cookies, Oreo Malt Chocolate Chip Cookies and the chocolate-covered varieties led the way to these sales gains. Two new snack crackers, *Palato* and *Sesame Snack Thins* and *Nada's* Corn Thins as well as *Cheese Ritz Crackers*, were successfully introduced during the year. Productivity gains resulting from plant modernization programs and lower raw material costs also contributed significantly to the improved results.

U.S. Confectionery Products sales and earnings were up sharply in 1982, 99% and 103% respectively, principally due to the addition of the Life Savers business, which was acquired at the end of 1981. Responding to increased marketing support, Life Savers achieved important market share gains in 1982 for Life Savers Hard-Roll Candy, Care-Free Sugarless Gum and Break Savers Sugarless Candy. Lower raw material costs and improved expense controls at the Curtis Candy operation contributed to the earnings improvement.

U.S. Grocery Products reported a 5% rise in sales and a 7% rise in operating earnings over the prior year. Strong gains were shown in the Company's ready-to-eat and hot cereal lines and pet snacks, primarily due to the new Mix 'n' Eat Oreo Wheat Cereals and the introduction of Milk-Bone Taster Brand Dog Biscuits, both of which showed excellent results. In the Planters operation, the nationwide roll-out of canister snack products was completed in 1982. Sales tonnage was up sharply for nut products due to increased product availability after the short supply conditions that existed in 1981. Higher marketing expenditures

caused operating earnings to be lower than the 1981 level. The Royal line of desserts showed sharp improvement, while the Company's margarine business was comparable to 1981 results. *Messiah* Beer continued to show outstanding growth in both sales and earnings.

International Operations comprised principally of food products, reported slightly lower sales and 9% higher operating income. In 1982, the Company adopted FASB Statement No. 52, which changed its method of translating foreign currency financial statements, but did not restate 1981 results. Had results for 1981 been restated, operating income in 1981 would have been higher and comparable to 1982. During 1982, the strength of the U.S. dollar masked the sales and operating income improvements actually achieved by our international businesses in their local currencies. All major operating areas showed improvement in local currency results with the exception of our businesses in The Netherlands, Mexico and Argentina. Particularly strong gains were shown by operations in Brazil, France, Italy, Spain and the United Kingdom. Canadian results were comparable to the prior year in a difficult economic environment.

Operations Divested or Leased during the year had significantly lower sales and earnings, particularly due to the absence of 1982's fourth quarter results, which were traditionally high for certain seasonal businesses.

Interest expense increased by \$26.6 million to \$89.9 million in 1982, principally due to the financing of the Life Savers acquisition.

Miscellaneous (income) expense, net, amounted to \$39.1 million of income in 1982 and \$13.8 million of expense in 1981. The 1982 income reflects a net nonrecurring gain from operations sold, higher interest income as well as gains from other product line disposals, partially offset by higher foreign exchange losses. The 1981 period included non-tax deductible merger expenses of \$9.3 million and provisions for discontinued products and plant relocations.

Foreign exchange adjustments, net of taxes, reduced income by \$24.3 million in 1982, \$9.1 million in 1981 and \$8.1 million in 1980. With the adoption of FASB Statement No. 52, translation adjustments are now generally reported as a separate component of Shareholders' equity rather than in income for most of our foreign operations. For operations in countries with high inflation rates (those exceeding 100% over three years), translation gains and losses continue to affect income directly. Sales in highly inflationary countries, principally in Latin America, were 5% of 1982's consolidated sales.

The effective tax rate was 39.8% in 1982 compared with 44.1% in 1981. This reduction was attributable to tax benefits on businesses sold and increased U.S. investment tax credits in 1982.

Financial Review



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U.S. Grocery Products reported a 7% rise in sales and a 7% rise in operating earnings over the prior year. Strong gains were shown in the Company's ready-to-eat and hot cereal lines and pet snacks, primarily due to the new *Mix 'n' Eat Cream of Wheat* Cereals and the introduction of *Milk Bone Bulcher Beers Dog Biscuits*, both of which showed excellent results in the Planters operation; the nationwide roll-out of canister snack products was completed in 1982. Sales tonnage was up sharply for nut products due to increased product availability after the short supply conditions that existed in 1981. Higher marketing expenditures

caused operating earnings to be lower than the 1981 level. The *Royal* line of desserts showed sharp improvement, while the Company's margarine business was comparable to 1981 results. *Moosehead* Beer continued to show outstanding growth in both sales and earnings.

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Operations Divested or Leased during the year had significantly lower sales and earnings, particularly due to the absence of 1982's fourth quarter results, which were traditionally high for certain seasonal businesses.

Interest expense increased by \$26.6 million (3.88%) in 1982, principally due to the financing of the Life Savers acquisition.

Miscellaneous (Income) expense/net amounted to \$39.1 million of income in 1982 and \$13.8 million of expense in 1981. The 1982 income reflects a net nonrecurring gain from operations sold, higher interest income, as well as gains from other product line disposal, partially offset by higher foreign exchange losses. The 1981 period included non-tax deductible merger expenses of \$9.3 million and provisions for discontinued products and plant relocations.

Foreign exchange adjustments, net of taxes, reduced income by \$24.2 million in 1982, \$9.1 million in 1981 and \$4.1 million in 1980. With the adoption of FASB Statement No. 52, translation adjustments are now generally reported as a separate component of Shareholders' equity rather than in income for most of our foreign operations. For operations in countries with high inflation rates (those exceeding 100% over three years), translation gains and losses continue to affect income directly. Sales in highly inflationary countries, principally in Latin America, were 1% of 1982's consolidated sales.

The effective tax rate was 39.8% in 1982 compared with 44.1% in 1981. This reduction was attributable to tax benefits on businesses sold and increased U.S. investment tax credits in 1982.

Financial Review (continued)

1981 Operations Compared with 1980 Operations
The Company's net sales in 1981 were \$5,819.2 million, an increase of \$232.0 million, or 4% over 1980. The sales gain would have been higher were it not for the U.S. dollar's rise against other currencies, which limited the growth of international sales. Consolidated operating income rose 10% to \$553.1 million, reflecting improved operating margins, principally due to moderating commodity costs.

U.S. Bakery Products achieved outstanding sales growth in 1981, up 12%. While price increases contributed significantly to these gains, there was volume growth in many areas, particularly for *Chips Ahoy* Chocolate Chip Cookies and the 1981 introduction of the *100% Natural Sandwich Cookie*. The *Cracker* sales improved, led by *Premium Saltines*, *Ritz Crackers*, and the 1981 introduction of *Better Crackers* Snack Crackers. Higher sales levels and moderating ingredient costs improved the segment's operating income by 15%.

U.S. Confectionery Products sales and earnings were slightly lower in 1981 due to sharply higher production costs and competitive market conditions that particularly affected *Bark* and *Butterfinger* Candy Bars. However, the *Chewy* line and *Rainbow* Coatings home candy line performed well. The 1981 results do not include *Life Savers* (Inc.), which was acquired at the end of the year.

U.S. Grocery Products operations achieved a slight increase over the sales level in 1980, but earnings increased 33%. Strong sales gains were achieved by the *Nakiso* Shredded Wheat Cereal line, while volume declines affected the *Peanut Nuts* and *Milkmaid* Margarine lines. Favorable price/cost factors in the *Panthers* operations and continued leadership in the margarine markets partially offset by weakness in the food service coffee business contributed to the earnings improvement.

International Operations sales were up slightly in 1981, despite the significant adverse effect of a strong U.S. dollar versus other currencies. Earnings were up 10%, due to particularly good results for decaffeinated and powdered drink mixes in Latin America, coffee, confectionery products and pet foods in Canada, and improvements in the *Wafers*, *Crisps*, *Drinks* Chocolate and biscuit lines in the United Kingdom and in Europe.

Operations Divested or Leased reported lower sales and earnings principally as a result of the adverse impact of declines in sugar prices on the confectionery business.

Interest expense was somewhat lower than the amount recorded in 1980, despite the continued high short-term borrowing rates, reflecting a reduction in average borrowings during the year.

Miscellaneous (income) expense, net, totaled \$13.8 million of expense in 1981 compared to \$15.9 million of expense in 1980, reflecting a \$6.0 million increase in foreign

exchange losses in 1981 and \$9.3 million of non-tax deductible merger expenses and provisions for discontinued products and plant relocations. In 1980, \$16.7 million was provided for the discontinuance of bakers yeast production at two U.S. plants.

The effective tax rate was 44.1% in both 1981 and 1980.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate sufficient cash to meet its operating needs such as payroll, materials and services, as well as capital expenditures, debt repayments and dividends to its shareholders. In 1982, funds provided from operations increased to \$445.8 million from the \$368.2 million in 1981. The 1982 amount exceeded capital expenditure and dividend payments by \$51.3 million. During the occurrence of any unusual events, management believes that internally generated funds will be more than adequate to fund continuing operating requirements in the foreseeable future. Moreover, management believes that the Company will be able to fund a dividend payout ratio in the range of 40% to 45% during this time.

The Company has and will continue to consider investment opportunities such as acquisitions and joint ventures, which might have a potential effect on the Company's future liquidity. Such investments could be financed through any combination of debt or equity offerings, use of available cash and short-term investment funds, or the exercise of any of the Company's substantial unused lines of credit. At year end, the percent of long-term debt to total capital was 26% compared with 31% at the end of 1981.

The Company has been and will continue to be exposed to foreign currency exchange rate risks in its International operations. On an overall basis, this risk is reduced since the Company operates in many foreign countries and employs various financing strategies to help negate any adverse effects of foreign currency exchange rate changes. For the majority of the Company's International operations, the local foreign currency is the functional currency since these operations are highly autonomous and operate in their own local economy. The ability of these International operations to generate local profits and cash flows is primarily dependent upon local economic factors. The ability to repatriate funds to the U.S. is dependent upon local governmental control over foreign exchange. The U.S. dollar value of the remitted funds is determined by current exchange rates.

In August, 1982, the Company sold 3 million shares of common stock in a public offering. The net proceeds of approximately \$99 million were used to retire outstanding commercial paper in the United States and for working capital requirements, capital expenditures and repayment of long-term debt that matured in 1982. In December, 1982, the Company completed the acquisition of Huntley & Palmer Foods for an aggregate cost of \$159 million through



the issuance of 2.7 million shares of common stock, with the balance paid in cash.

Early in 1983, the Company purchased 2 million shares of its common stock for \$73 million. These treasury shares were acquired to replace the substantially higher than expected level of common shares issued in connection with the acquisition of Huntley & Palmer and, in part, to provide the necessary shares for anticipated distributions under stock purchase and benefit plans.

The Company has increased its capital spending program. Capital expenditures for 1982 increased to \$266.6 million, a 6% increase over the 1981 level. These expenditures were made in order to achieve stated productivity goals, build new production facilities and equip existing facilities with the latest technology. The funds utilized in these improvements were generated primarily from operations. The Company had commitments for property, plant and equipment which approximated \$49 million at December 31, 1982.

Management expects to invest increasing amounts of capital resources in the future to expand, maintain, and improve the efficiencies of the Company's production and distribution facilities. It is anticipated that capital expenditures will approach \$300 million in 1983. The Company expects to meet these requirements primarily through the use of internally generated funds.

Stock Market Prices and Dividends

The principal market for the Company's shares is the New York Stock Exchange. The quarterly high and low price of Nabisco Brands Inc. common stock and \$3.50 cumulative preferred stock since the merger on July 6, 1981, were as follows:

	\$3.50 Cumulative Preferred Stock			
	High	Low	High	Low
1982				
First Quarter	\$35	\$29 1/4	\$31 1/4	\$29
Second Quarter	36	32	30	28 1/4
Third Quarter	40	30 1/4	38	32 1/4
Fourth Quarter	42 1/4	34 1/4	37 1/4	34 1/4
1981				
Third Quarter	32 1/2	25 1/4	33 1/2	28 1/2
Fourth Quarter	31 1/4	26	31 1/4	28

The Company declared a common dividend of \$3 1/4 in each of the 1982 quarters, an annualized rate of \$2.02 per share. In 1981, the Company declared a common dividend of 46 1/4¢ per share in the third and fourth quarters, an annualized rate of \$1.85 per share. The Company declared a common dividend of 97 1/2¢ per share in the first quarter of 1983, payable April 8, 1983. This represents a new annualized rate of \$2.28 per share.

Prior to the merger on July 6, 1981, Nabisco, Inc. declared a common dividend of 45¢ per share and Standard Brands Incorporated declared a common dividend of 41¢ per share in each of the first and second quarters of 1981, respectively.

Total dividends declared on common stock in 1982 were \$133.5 million, compared with \$111.2 million in 1981. Preferred dividends were paid at the quarterly rate of 87 1/2¢ per share on the \$3.50 cumulative preferred stock during 1982 and 1981, or an aggregate of \$4 million in each year. The approximate number of common shareholders of record at December 31, 1982 was 100,500.

Interim Results (Unaudited)

The following is a summary of the interim results of operations for the years ended December 31, 1982 and 1981 (in millions, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1982				
Net sales	\$1,403.9	\$1,520.6	\$1,458.3	\$1,488.3
Gross profit	488.1	465.2	545.0	506.6
Net income	99.2	70.5	81.6	103.4
Net income per common share	.93	.71	.75	.94
1981				
Net sales	\$1,391.2	\$1,405.4	\$1,448.9	\$1,569.7
Gross profit	441.2	445	466.7	536.7
Net income	56.9	32.3	71.0	86.1
Net income per common share	.90	.63	.72	.86

Supplementary Information on the Effects of Inflation (Unaudited)

General Background

The Company's historical cost financial statements are not intended to measure the effects of changing prices or relative economic value in an inflationary environment. The Company provides estimates of the impact of inflation on its operations in accordance with Financial Accounting Standards Board Statement No. 33, Financial Reporting and Changing Prices, as amended.

The accompanying supplementary information presents current cost information on the effects of inflation computed by measuring the specific price changes that occurred in the resources the Company uses. To compute the current cost of property, plant and equipment and related depreciation expense, current appraisal values or industrial indices for buildings, machinery and equipment were utilized and applied to historical costs based on the dates these assets were acquired. The historical cost of sales, exclusive of depreciation, was adjusted to compensate for

Financial Review (continued)

price changes during the inventory holding and production periods by developing internal price indices. Inventories were restated using similar methods based on latest available costs to produce or purchase them at the respective measurement dates. Such assets in foreign currency financial statements were adjusted to reflect current values and then translated from the functional currency, generally the local currency of each country, into U.S. dollars at current exchange rates. Adjustments to current cost information to reflect the effects of general inflation are based on the U.S. Consumer Price Index/Urban.

Consolidated Statement of Income Adjusted for the Effects of Changing Prices

(In millions, except per share data) Year Ended December 31, 1982			
	Historical Basis	Adjusted for Changes in Specific Prices (Current Costs)	Adjusted for Changes in Specific Prices (Current Costs)
Net sales	\$5,871.1	\$5,871.1	\$5,871.1
Cost of sales	1,592.4	1,601.8	1,601.8
Depreciation expense	1,113.5	1,113.5	1,113.5
Other expenses	1,552.4	1,552.4	1,552.4
Interest expense	89.9	89.9	89.9
Provision for Income Taxes	208.4	208.4	208.4
Net income	\$1,246.1	\$1,246.1	\$1,246.1
Net income per share	\$7.43	\$7.43	\$7.43
Gain from decline in purchasing power of net monetary liabilities			\$9.6
Decrease in specific prices of inventories and property, plant and equipment held during the year			\$ (42.6)
Least effect of increase in general price level			147.9
Excess of increase in general price level over change in specific prices			\$ (100.3)
Foreign currency translation adjustment			\$ (128.0)

At December 31, 1982 the Current Cost of Inventory was \$778.2 million and the Current Cost of property, plant and equipment, net of accumulated depreciation, was \$2,088.8 million.

Management's Overview

For the year ended December 31, 1982, reported net income would be reduced by 22% when restated for changes in specific prices. This decrease is due in part to increased depreciation of \$59.0 million, due to the higher property values, and increased cost of sales of \$9.6 million, resulting

from the higher costs to manufacture and sell products during inflationary times. The assumptions underlying these increases in depreciation and cost of sales are not necessarily valid because management would ordinarily replace existing assets with those of improved technology instead of replacing existing fixed assets with identical assets at higher prices as reflected in the changes in the specific price indices used. Additionally, higher cost of sales resulting from higher inventory costs may be recovered through higher selling prices. The gain from decline in purchasing power of net monetary liabilities of \$39.5 million results from the assumed repayment of monetary liabilities with dollars of lesser value due to the effects of inflation.

The excess of increase in general price level over change in specific prices results from the fact that the costs of acquiring the Company's inventories and property, plant and equipment do not necessarily follow the same inflationary pattern as do overall consumer prices. For example commodity prices may not move in the same relationship as consumer prices. This calculation was also impacted by the operations that were disposed of in 1982 because the proceeds from these dispositions were less than the related current replacement cost of the assets and, by the lower 1982 values used for the leased corn wet-milling facilities.

The foreign currency translation adjustment results from the decline in exchange rates on the current cost amounts of net assets. The \$128.0 million indicated that, on an overall basis, the U.S. dollar strengthened against the currencies in other countries in which Nabisco Brands operates.

Five-Year Comparison

This schedule includes a five-year comparison of selected items as reported in the primary financial statements, together with corresponding amounts adjusted for the effects of inflation, expressed in terms of average 1982 dollars.

Historical net sales of ongoing businesses show an annual compound growth rate of 8%, while inflation-adjusted sales indicate a slight decline.

During the five-year period, the Company increased common dividends every year. In real terms this has enabled shareholders to more than maintain their purchasing power. At the same time, the Company has been able to accumulate funds to pursue an active program of capital expenditures to modernize and upgrade facilities and to make acquisitions for future growth.

Certain information related to 1978, which is not required, was omitted since it was impractical to obtain such information.



Five-Year Comparison of Selected Supplementary Financial Data Adjusted for the Effects of Changing Prices

(Dollars in millions, except per share data)

	1982	1981	1980	1979	1978
Net sales—Total					
Historical cost	\$5,871.1	\$5,819.2	\$5,587.2	\$4,975.3	\$4,555.1
Constant dollar	5,871.1	6,178.2	6,544.8	6,616.2	6,739.4
Net sales—Ongoing businesses					
Historical cost	\$5,463.4	\$5,049.7	\$4,848.8	\$4,349.7	\$3,979.5
Constant dollar	5,463.4	5,361.2	5,679.9	5,784.3	5,887.8
Net income					
Historical cost	\$314.7	\$266.3	\$234.8	\$166.3	\$179.1
Constant dollar	246.1	152.1	111.2	96.9	27.7
Net income per common share					
Historical cost	\$4.83	\$4.21	\$3.73	\$2.97	\$2.80
Constant dollar	3.78	2.40	1.76	1.54	—
Net assets at year end					
Historical cost	\$1,835.9	\$1,522.8	\$1,344.1	\$1,200.3	\$1,098.9
Constant dollar	2,556.9	2,499.0	2,395.5	2,406.0	—
Excess of increase in general price level over change in specific prices	\$(190.5)	\$(42.5)	\$(107.0)	\$(93.5)	—
Gain on net monetary liabilities	\$39.8	\$85.9	\$112.0	\$130.3	—
Cash dividends declared per common share					
Historical cost	\$2.05	\$1.77	\$1.60	\$1.45	\$1.35
Constant dollar	2.05	1.88	1.87	1.93	2.00
Market price per common share at year end					
Historical cost	\$36.75	\$1.00	—	—	—
Constant dollar	36.34	31.84	—	—	—
Average consumer price index (1967 = 100)	289.1	272.3	246.8	217.4	192.4

General Conclusions:

Although the current cost approach used in adjusting historical amounts for inflation involves the use of estimates and assumptions which might render the results misleading, it is our opinion that this method provides a general indication of the effects of changing prices on the Company's cash flow and capital base.

To minimize the impact of inflationary cost pressures, it has been and will continue to be the Company's practice to maintain margins through improved production and distribution efficiencies, economies of scale and, as a last resort, to pass inflationary cost increases along to the consumer in the form of higher prices.

The most glaring revelation made by these disclosures points to the fact that changes in taxation laws concerning depreciation, like the Economic Recovery Tax Act of 1981, are needed to mitigate the impact of inflation on the capital formation process. It is apparent that, when historical income tax expense is applied against income restated for the effects of general inflation and changes in specific prices, effective tax rates soar. The effect of inflation is not deductible for tax purposes in the U.S. and results in the shrinking of corporate profits available for capital formation. In the opinion of management, this continues to be one of the major causes of the lack of growth in productivity in the U.S.

Responsibility for Financial Statements

Nabisco Brands, Inc., is responsible for the preparation, integrity and accuracy of its financial statements as well as all other information included in the Annual Report. The statements have been prepared in conformity with generally accepted accounting principles using management's best estimates and judgments, where appropriate.

The system of internal control of Nabisco Brands, Inc., and its subsidiaries is designed to provide reasonable assurance that the books and records accurately reflect the transactions of the Company and that established policies and procedures are followed. This system is augmented by written policies and guidelines, a strong program of internal audit and the careful selection and training of qualified personnel.

Coopers & Lybrand, independent certified public accountants, have made an examination of the financial statements in accordance with generally accepted auditing standards that include tests of transactions and selective tests of internal accounting controls. The Audit Committee of the Board of Directors, consisting solely of nonemployee directors, meets regularly with the internal and independent auditors and management, both jointly and separately, to review accounting, auditing and financial reporting matters. Both the internal and independent auditors have direct access to the Audit Committee.

Robert M. Schneider
Chairman and Chief
Executive Officer

C. Richard Owens
Executive Vice President and
Chief Financial Officer

Report of Independent Accountants

To the Shareholders of Nabisco Brands, Inc.

We have examined the consolidated balance sheet of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years ended December 31, 1982, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Nabisco Brands, Inc., and its consolidated subsidiaries as of December 31, 1982 and 1981, and the consolidated results of their operations and changes in their financial position for the years ended December 31, 1982, 1981 and 1980, in conformity with generally accepted accounting principles. The accounting principles were consistently applied except for the change in 1982, with which we concur, in the method of accounting for foreign currencies translation as described in the notes to the consolidated financial statements.

90 Park Plaza
Newark, N.J. 07102
January 31, 1983

Consolidated Statement of Income



(In millions, except per share data)	Year Ended December 31		
	1982	1981	1980
Net sales	\$5,871.1	\$5,819.2	\$5,587.2
Cost of sales	3,700.2	3,927.3	3,899.2
Gross profit	2,170.9	1,891.9	1,728.0
Selling, general and administrative expenses	1,597.0	1,338.8	1,227.0
Operating income	573.9	553.1	501.0
Interest expense	89.9	63.3	65.0
Miscellaneous (Income) expense, net	(39.1)	13.8	13.9
Income before income taxes	523.1	476.0	420.1
Income taxes			
Current:			
United States	75.6	105.1	96.6
Foreign	74.6	82.7	61.0
State and local	19.6	19.9	18.0
Deferred	38.6	2.0	9.7
Total income taxes	208.4	209.7	185.3
Net income	\$ 314.7	\$ 266.3	\$ 234.8
Net income per common share	\$4.83	\$4.21	\$3.73
Average common shares outstanding (000)	65,026	63,142	62,833

See Notes to Consolidated Financial Statements on pages 46 through 51.

Consolidated Balance Sheet

ASSETS (in millions)		December 31
	1982	1981*
Current assets		
Cash	\$ 36.6	\$ 47.5
Short-term investments, at cost which approximates market	452.5	160.1
Accounts receivable, net of allowances	498.8	589.4
Inventories	775.0	977.3
Prepaid expenses	28.1	23.6
Total current assets	1,791.0	1,803.9
Property, plant and equipment		
Land	30.1	34.1
Buildings	302.5	366.8
Machinery and equipment	1,593.9	1,563.4
	2,126.5	2,166.3
Less accumulated depreciation	784.8	624.2
Property, plant and equipment, net	1,341.7	1,542.1
Other assets	322.5	123.8
Goodwill and other intangibles, net of amortization	236.4	257.0
Total assets	\$3,691.6	\$3,527.7

*Reflects the effects of the purchase of the subsidiary, the acquisition of the subsidiary.

See Notes to Consolidated Financial Statements on pages 44 through 51.

*Restated. See Note on Business Acquisitions.



LIABILITIES (in millions)		December 31	1981
1982			
Current liabilities			
Short-term borrowings	\$ 18.4		\$ 66.6
Current maturities of long-term debt	38.5		37.1
Accounts payable	331.8		373.4
Accrued liabilities	428.8		429.2
Dividend payable	36.0		29.8
Income taxes payable	58.1		105.9
Total current liabilities	911.6		1,042.0
Long-term debt			
	644.6		699.1
Other liabilities			
	108.5		99.5
Deferred income taxes			
	191.0		164.3
SHAREHOLDERS' EQUITY			
Preferred stock, par value \$1.00:			
shares authorized 50,000,000			
\$1.50 cumulative series, stated and redemption value \$1.00			
shares authorized 19,992	12.0		12.0
Common stock, par value \$2.00:			
shares authorized 300,000,000			
Additional paid-in capital	139.1		126.2
Retained earnings	268.9		57.2
Cumulative translation adjustments	1,508.3		1,227.5
Treasury stock at cost	(92.1)		(1)
Total shareholders' equity	1,835.9		1,322.8
Total liabilities and shareholders' equity			
	\$3,691.6		\$3,527.7

Consolidated Statement of Changes in Financial Position

(In millions)	Year Ended December 31		
	1982	1981*	1980
Funds from operations			
Net income	\$314.7	\$266.3	\$234.8
Charges (credits) to income not affecting funds from operations:			
Depreciation and amortization	119.9	99.9	94.8
Deferred income taxes	38.6	1.0	9.7
Net gain on operations divested	(27.4)	—	—
Total funds from operations	445.8	367.2	339.3
Funds from (used for) nonfinancing activities			
Disposals of property, plant and equipment	19.9	26.2	30.1
Increase in other liabilities	13.5	16.5	10.8
Effect of exchange rate changes on working capital	(30.4)	—	—
Decrease (increase) in working capital, excluding cash and short-term investments:			
Accounts receivable	5.9	3.7	(75.1)
Inventories	90.2	(25.9)	(111.4)
Prepaid expenses	(8.4)	(2.5)	1
Short-term debts	(44.6)	27.0	(18.1)
Accounts payable and accrued liabilities	(19.2)	85.8	112.6
Income taxes	(27.2)	(29.1)	(25.7)
Proceeds from operations divested	201.1	—	—
Other sources (uses), net	11.7	28.0	(18.6)
Funds from (used for) nonfinancing activities	212.5	129.7	(43.9)
Total funds available before financing activities	658.3	496.9	295.4
Funds from (used for) financing activities			
Additions to long-term debt	24.5	191.5	107.1
Reductions in long-term debt	(53.8)	(104.5)	(35.6)
Common stock issued	224.4	24.0	8.5
Investments in tax leases	(48.6)	—	—
Realization of investments in tax leases	33.3	—	—
Funds from financing activities	179.8	111.0	80.0
Total funds provided	838.1	608.9	375.4
Uses of funds			
Capital expenditures	266.6	252.0	212.9
Businesses acquired, excluding cash and short-term investments	166.3	281.2	9.3
Cash dividends paid	127.7	96.3	98.0
Total funds used	560.6	629.5	310.2
Increase (decrease) in cash and short-term investments	\$277.5	\$ (20.7)	\$ 65.2

*Restated. See Note on Business Acquisitions.

See Notes to Consolidated Financial Statements on Pages 46 through 51.

Consolidated Statement of Shareholders' Equity



(Shares in thousands) (Dollars in millions)	53.50 Cumulative Preferred		Common Stock		Additional Paid-in Capital	Cumulative Translation Adjustments	Retained Earnings
	Shares	Amount	Shares	Treasury Stock Amount			
Balance, December 31, 1979	125	\$125.61	800	\$123.6	(37) - \$ (7)	\$ 26.7	\$1,038.2
Net income							234.8
Dividends declared							(99.5)
Issued in connection with:							
Employee benefit plans		70	1	33	7	1.6	
Dividend Reinvestment and Stock Purchase Plan		169	3			4.2	
Convertible debentures		37				8	
Purchase of minority interest		29				1.3	
Treasury stock acquired				(1)			(7)
Balance, December 31, 1980	125	\$125.62	105	\$124.2	(5)	34.6	\$1,172.8
Net income							266.3
Dividends declared							(111.6)
Issued in connection with:							
Employee benefit plans		110	2	39	9	2.5	
Dividend Reinvestment and Stock Purchase Plan		221	5			5.3	
Convertible debentures		667	13			14.9	
Treasury stock acquired	(5)	(5)		(39)	(1.0)	(1)	
Balance, December 31, 1981	120	\$120.63	103	\$126.2	(5)	57.2	\$1,327.5
Cumulative translation adjust- ments at beginning of year							\$ (38.5)
Net income							314.7
Dividends declared							(133.9)
Issued in connection with:							
Employee benefit plans		339	7			10.0	
Dividend Reinvestment and Stock Purchase Plan		316	6			10.0	
Acquisitions		2,825	56	20	7	105.4	
New offering		1,000	0.0			86.3	
Translation adjustments							(33.6)
Treasury stock acquired				(25)	(9)		
Balance, December 31, 1982	120	\$120.69	583	\$139.1	(10) - \$ (3)	\$268.9	\$1,508.3

See Notes to Consolidated Financial Statements on pages 46 through 51

Notes to Consolidated Financial Statements

Summary of significant accounting policies

Consolidation: As a result of a merger in July, 1981, Nabisco, Inc., and Standard Brands Incorporated became wholly-owned subsidiaries of Nabisco Brands, Inc., through an exchange of shares. The merger was accounted for as a pooling-of-interests and the results of operations for prior periods are reported on a combined basis.

The consolidated financial statements include the accounts of Nabisco Brands, Inc., and its majority-owned subsidiaries. The equity method of accounting is used for unconsolidated investments in which the Company has a substantial interest but owns less than a majority. The Company's share of results of operations from these affiliates is recorded in Miscellaneous (income) expense. All significant intercompany accounts and transactions have been eliminated. The financial statements of international subsidiaries, except Canada, are included on the basis of a November 30 fiscal year, to facilitate prompt reporting of year-end consolidated results.

Inventories are valued principally at the lower of average cost or market.

Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation expense is generally provided on a straight-line basis using estimated useful lives of 20 to 40 years for buildings and 3 to 20 years for machinery and equipment.

Expenditures that result in the enhancement of the assets involved are capitalized. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Facilities leased under capital leases are recorded in Property, plant and equipment, with corresponding obligations carried in short- and long-term debt. The amount capitalized is the lower of the present value of minimum lease payments or the fair value of the leased property. Depreciation on capital leases is recorded on a straight-line basis generally over the lease term.

Investments in tax leases represent the unrecovered cost of the tax benefits purchased under the "safe harbor" leasing provisions of the U.S. Internal Revenue Code. During those periods in which the Company's investment in the tax leases exceeds cumulative realized tax benefits, the Company imputes interest income on the outstanding investment. As the tax benefits are realized in the form of lower tax payments through the utilization of higher investment tax credits and Accelerated Cost Recovery System deductions on the Company's tax return, the investments are reduced over their lease terms by the amount of the net taxes saved. The remaining unrecovered cost is amortized using the interest method during those periods in which cumulative tax benefits exceed the initial investment plus imputed interest income.

Goodwill and other intangibles, net of amortization: Intangible assets acquired after October 31, 1970, are amortized on a straight-line basis over periods not exceeding 40 years. Most intangibles acquired prior to October 31, 1970, are not being amortized since the Company believes there has been no diminution in the value of these assets. Of the balance at December 31, 1982, \$178 million of intangibles are being amortized.

Income taxes: Deferred income taxes, principally U.S. Federal taxes, are provided for timing differences between financial and taxable income. Such differences result primarily from the use of accelerated cost recovery methods for tax purposes which provide more depreciation expense in the early years than in the later years of the lives of the assets being depreciated.

Investment tax credit: The U.S. investment tax credit, earned on qualified capital additions, is accounted for by the flow-through method, which reduces income tax expense in the year the additions are placed in service.

Foreign currency translation: At the beginning of 1982, the Company adopted FASB Statement No. 52, "Foreign Currency Translation," which changed the method of accounting for the translation of foreign currency financial statements. The prior years' financial statements have not been restated for this change, due to the non-comparability of results since the Company used forward foreign exchange contracts to hedge certain accounting exposures under the former accounting rules. Under FASB Statement No. 52, assets and liabilities of foreign operations are generally translated at the current exchange rate at the balance sheet date, rather than at current and historical rates. The related translation adjustments are reported as a separate component of Shareholders' equity and are not included in net income until an operation is sold or liquidated. The principal effect of applying the new accounting method in 1982 was to decrease Property, plant and equipment and Shareholders' equity. For operations in highly inflationary countries, the former translation method continues in use and the related foreign exchange adjustments are included in net income.

Business acquisitions: In December, 1982, the Company completed the acquisition of Huntley & Palmer Foods for \$199 million. This includes \$107 million for the issuance of 2.7 million shares of Company common stock with the balance paid in cash. Huntley & Palmer is a major United Kingdom manufacturer of cookies, crackers, confectionery and snack products. At December 31, 1982, the purchase price has been included in Other assets. The Company is in the process of determining the fair value of the acquired net assets and the resulting goodwill. Prior to this acquisition, Huntley & Palmer's sales were \$600 million for the eleven months ended November 30, 1982.



On December 30, 1981, the Company purchased substantially all of the net assets of Lily's, Inc., a manufacturer of hard-roll candy and chewing gum, for \$260 million. In 1981, this amount was included in Other assets. In 1982, the determination of the fair value of the net assets acquired, principally property, plant and equipment, was completed and resulted in goodwill of \$132 million. The December 31, 1981 balance sheet has been restated to reflect the allocation of the purchase price.

During 1981, the Company also purchased a 30% interest in a Mexican biscuit and pasta company for \$45 million in cash and our interest in Nabisco Pimosa, S.A., a Mexican affiliate.

All of the above acquisitions have been accounted for using the purchase method of accounting and are included in the consolidated financial statements from their respective dates of acquisition. None of these acquisitions were material to the consolidated results of operations.

Business dispositions—In October, 1982, the Company sold The I.B. Williams Company, Inc. (toiletries and pharmaceuticals) and Tullis Wile Sons & Co., Inc. (U.S. wine and spirits) along with a minority interest in All Brand Importers, Inc. (imported beer business). Also during the fourth quarter of 1982, the Company sold Hygiene Industries and Everlon Fabrics (household accessories businesses).

The proceeds from these disposals consisted of \$201 million in cash, \$39 million in long-term notes and \$15 million in redeemable preferred stock maturing over five years.

These 1982 sales resulted in a net nonrecurring gain of \$274 million, after a tax credit of \$8.5 million, or \$42 per common share.

Additionally, during the last three years, the Company acquired and disposed of a number of other businesses. The combined sales and operating income of all of these businesses were not material to the Company's consolidated financial statements.

Operation leased—In June, 1982, the Company entered into a net operating lease whereby the Company leased its corn wet-milling facilities located at Clinton, Iowa and Menomonee, New York to Archer-Daniels-Midland Company (ADM). The lease term is for thirteen years subject to certain purchase, sale and renewal options beginning after the sixth year. The lessee is responsible for all operating

costs for these facilities over the lease term. The terms of the lease are such that it is anticipated that there will be no material impact on the Company's earnings over the life of the lease. Refer to the Litigation note for a discussion of the Department of Justice suit filed against the Company and ADM to rescind the lease.

As of December 31, 1982, Property, plant and equipment includes approximately \$200 million, net of \$126 million of accumulated depreciation, related to the corn wet-milling facilities.

Short-term investments consist of certificates of deposit, time deposits and, in 1981, also include corporate bonds and U.S. government securities.

Inventories consist of the following:

	December 31, 1982	December 31, 1981
(in millions)		
Finished products	\$346.5	\$382.6
Products in process	55.7	105.0
Raw materials and supplies	\$772.8	\$489.5
Total	\$1,175.0	\$977.1

Other assets consist of deferred charges, investments in and advances to unconsolidated affiliates and, in 1982, non-current notes and redeemable preferred stock of \$43 million related to the sales of certain businesses, and the \$159 million purchase price for Huntley & Palmer Foods.

Short-term borrowings—The Company has \$193 million in bank lines of credit, providing it with future domestic and international credit availability and support for the issuance of commercial paper. Worldwide unused lines of credit, including the above, amounted to \$319 million at year end. Short-term borrowings at December 31, 1982 and 1981 consist principally of bank loans of international subsidiaries. The interest rates shown in the table below reflect the high rates in the highly inflationary countries of Latin America in which the Company operates. Other information follows:

(Dollars in millions)	1982	1981	1980
Average amount outstanding during the year (based on daily amounts)	\$ 60.8	\$62.0	\$104.6
Weighted-average interest rate during the year (based on actual interest and related average borrowings)	19.9%	20.0%	14.7%
Maximum amount outstanding at any month end	\$101.4	\$79.4	\$159.0
Weighted-average interest rate at December 31	29.3%	24.6%	21.5%

Notes to Consolidated Financial Statements (continued)

Accrued liabilities consist of the following:

	December 31,	
(in millions)	1982	1981
Payroll	\$107.6	\$113.8
Trade discounts	31.9	41.5
Taxes, other than income and		
excise taxes	21.7	34.9
Excise taxes	16.5	39.5
Pensions	35.0	32.6
Interest	11.6	9.6
Other	204.5	157.3
Total	\$428.8	\$429.2

Long-term debt consists of the following obligations:

	December 31,	
(in millions)	1982	1981
12 1/4% Promissory Notes due 1984	\$ 30.0	\$ 30.0
12% Bank Term Loan due 1995	40.0	40.0
1 1/4% Subordinated Debentures		
due 1987, 2000, 2001	15.9	19.9
1 1/4% Promissory Notes due 1988	155.0	180.0
6 1/4% Sinking Fund Debentures		
due 1993, 2001, 2004	27.0	27.0
9 1/4% Canadian Sinking Fund		
Debentures due 1997	18.0	20.2
8 1/4% Promissory Notes due 1998	50.0	50.0
1 1/4% Canadian Sinking Fund		
Debentures due 2000	24.3	23.2
7 1/4% Sinking Fund Debentures		
due 2001	71.4	77.0
7 1/4% Sinking Fund Debentures		
due 2003	65.0	65.0
9 1/4% Sinking Fund Debentures		
due 2004	40.8	40.8
Capitalized Lease Obligations	74.6	83.4
Other	66.5	77.2
	\$63.1	\$76.2
Less current maturities	38.5	37.1
Total	\$644.0	\$699.1

The various debenture and other note issues generally require annual payments until final maturity. During 1981, the Company prepaid certain sinking fund installments through the repurchase of \$47 million of principal amount of debentures.

The combined maturities and sinking fund obligations for all long-term debt issues during the next five years are as follows (in millions): 1983: \$38.5; 1984: \$65.8; 1985: \$76.1; 1986: \$41.6 and 1987: \$68.9.

Other liabilities consist primarily of pension accruals, deferred incentive compensation liabilities, royalties and

minority interests. Pension accruals have been established to cover obligations of subsidiaries operating in countries where it is customary for companies to administer their own pension plans.

Retirement plans.—The Company has pension plans covering substantially all employees. Generally, accrued pension costs for most plans are funded by deposits with trustees. Certain U.S. pension plans administered by unions are funded through fixed levels of contributions established pursuant to collective bargaining agreements.

The total pension expense for all plans determined under various actuarial cost methods was \$72.6 million in 1982, \$75.4 million in 1981 and \$68.4 million in 1980.

Pension expense includes a provision for current service costs and, when applicable, amortization of prior service costs over periods up to 40 years. The principal reasons for the reduction in pension expense in 1982 were changes in actuarial methods and interest rate assumptions, to conform the practices of the principal domestic pension plans.

A comparison of accumulated plan benefits based on actuarial valuations and plan net assets, generally as of January 1 of each year, the most recent actuarial valuation dates for the Company's principal domestic pension plans excluding union administered plans, is as follows:

	December 31, 1982	
(in millions)	Accumulated plan benefits	Plan net assets
Actuarial present value of accumulated plan benefits		
Vested	\$369.6	\$331.3
Non-vested	20.1	10.6
Total	\$389.7	\$341.9
Net assets available for benefits	\$336.7	\$321.5

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits for these plans was 9% in both 1982 and 1981.

The Company's foreign pension plans are not required to report to certain U.S. government agencies pursuant to the Employee Retirement Income Security Act and do not otherwise determine the actuarial present value of accumulated plan benefits. At the most recent actuarial valuation dates for these plans, the aggregate estimated vested benefits were approximately equal to the value of plan assets.

Incentive compensation.—The Nabisco Brands Key Employee Performance Pay Program, as approved by the shareholders in May 1982, provides for both annual and long-term incentive awards to employees selected by the Compensation Committee of the Board of Directors. Annual incentive award amounts, payable in cash, are based on the attainment of corporate or component financial objectives and individual personal performance objectives.



Long-term incentive award amounts are contingent upon the degree of attainment of predetermined earnings growth goals over periods of at least four years and are payable:

In cash or in a combination of cash and common stock. Awards may be paid currently or deferred. Provisions for the current plan and former plans were \$18.7 million, \$12.7 million and \$11.6 million in 1982, 1981 and 1980, respectively.

Stock option plans of the predecessor companies have been terminated, except with respect to previously granted options. During 1982, options granted in prior years to purchase 99,667 shares were exercised at prices ranging from \$16.50 to \$26.65 per share and options to purchase 5,536 shares expired. Options for 97,018 shares are outstanding and exercisable at December 31, 1982 at prices ranging from \$16.50 to \$28.38 per share.

Common stock.—The Company's Dividend Reinvestment and Stock Purchase Plan permits common shareholders to purchase additional common stock through reinvestment of their dividends and by additional optional cash investment.

The Company maintains an Employee Stock Ownership Plan for the benefit of U.S. salaried employees, whereby the Company contributes and deposits shares of common stock with a trustee equal in market value to the maximum amount allowable for such plans under applicable income tax regulations.

The Company's Employee Stock Purchase Plan permits U.S. salaried employees to purchase shares of the Company's common stock through contributions of up to 5% of their annual salary. The Company contributes 20% of such amounts.

Foreign exchange adjustments.—In 1982, charges to net income were \$24.2 million, net of taxes. Foreign exchange adjustments under the former translation method, as amended, amounted to charges, net of taxes, of \$9.7 million in 1981 and \$8.1 million in 1980 prior to 1982. Forward foreign exchange contracts were used to hedge certain foreign inventory and translation exposures. The difference between translating such exposed inventories at historical versus current rates had an unfavorable effect on cost of sales of \$12.3 million and \$2.0 million in 1981 and 1980, respectively.

Income taxes.—The components of pretax income were as follows:

	1982	1981	1980
(in millions)			
Pretax income			
• Domestic	\$330.3	\$302.5	\$275.0
• Foreign	192.8	173.5	145.1
Total pretax income	\$523.1	\$476.0	\$420.1

Reconciliations of the U.S. statutory tax rate with the effective tax rates reported are as follows:

	1982	1981	1980
U.S. statutory rate	46.0%	46.0%	46.0%
State and local income taxes			
• Net of federal tax benefit	2.0	2.2	2.3
U.S. investment tax credit	(4.0)	(3.3)	(2.7)
Tax benefits on businesses sold	(3.3)		
Other, net	(.9)	(.8)	(1.5)
Effective tax rate	39.8%	44.1%	44.1%

Deferred income tax provisions, principally U.S. Federal taxes, result principally from the use of accelerated cost recovery methods in each year and, in 1980, from timing differences related to inventory methods and provisions for plant closings. As a result of the 1982 investments in tax leases, the Company was able to reduce its 1982 current income taxes payable by \$33 million and expects to reduce its 1983 payments by \$17 million. The reduction in income taxes paid has not affected the provision for income taxes in the consolidated statement of income.

U.S. income and foreign withholding taxes are being provided currently on foreign subsidiaries' net earnings that are expected to be distributed to the parent company. The Company has indefinitely reinvested approximately \$975 million of foreign subsidiaries' retained earnings to meet their operating and long-term needs and, accordingly, no U.S. income taxes have been provided on these amounts. If such earnings are distributed in the future, it is expected that the amount of additional U.S. income taxes required would not be significant because of the availability of foreign tax credits thereon.

Litigation.—On December 14, 1982, the Antitrust Division of the Department of Justice filed a civil complaint against the Company and Archer-Daniels-Midland Company (ADM), seeking to rescind the lease to ADM of the Company's corn wet-milling facilities in Clinton, Iowa and Montezuma, New York, and to obtain certain other relief. The Company is vigorously contesting this action and, in the opinion of management and counsel, the rescission of the lease and the other relief sought are completely unrealistic and unjustified.

Various other legal proceedings and claims are pending against the Company. Although the Company's liability with respect to such matters, as well as the above described complaint, cannot be ascertained, in the opinion of management and counsel the ultimate liability, if any, from all pending legal proceedings and claims will not materially affect the Company's financial position or the results of its operations.

Notes to Consolidated Financial Statements (continued)

Business segment data—The Company's products are classified into four business segments that represent its ongoing businesses. These are U.S. Bakery, composed of cookie and cracker products; U.S. Confectionery; U.S. Grocery, composed of nuts, margarine, dessert mixes, snack foods, yeast, vinegar, cereals, pet foods and imported beer; and International Operations, composed of cookies, crackers, nuts, confectionery, snack foods, cereals, pet foods, yeast, tobacco, wine and spirits and other products sold outside the U.S. Businesses sold or leased during 1982 have been reclassified to Operations Divested or Leased, and consist of the following products: U.S. wine and spirits, corn wet-milling products, household accessories, frozen foods and toiletries and pharmaceuticals.

Corporate consists primarily of the following:
Operating Income—General and administrative expenses of corporate staff functions;
Identifiable Assets—Corporate cash, short-term investments, headquarters facilities and equipment, investments in and advances to unconsolidated affiliates, receivables related to businesses sold and, in 1982, the purchase price of Huntley & Palmer Foods and investments in tax leases;
Capital Expenditures—Additions to headquarters facilities and equipment;
Depreciation Expense—Depreciation on headquarters facilities and equipment.

Business Segments

(Dollars in millions)

	Net Sales		Operating Income		Identifiable Assets		Capital Expenditures		Depreciation Expense	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1982										
U.S. Bakery Products	\$1,520.0	26	\$225.0	35	\$1,645.4	22	\$95.4	40	\$30.1	28
U.S. Confectionery Products	528.5	9	47.0	7	365.9	12	10.1	4	11.7	11
U.S. Grocery Products	1,479.9	25	168.3	27	536.3	18	30.1	13	17.9	16
International Operations	1,941.0	33	194.3	31	1,224.1	16	80.0	33	31.5	29
Total Ongoing Businesses	5,469.4	93	634.6	100	2,771.7	93	225.6	94	90.9	84
Operations Divested or Leased	407.7	7	1.5	—	200.3	7	14.1	6	18.1	16
Total Segments	5,877.1	100	636.1	100	2,972.0	100	239.7	100	109.0	100
Corporate	(62.2)	—	—	—	719.6	—	28.9	—	4.5	—
Total	\$5,814.9		\$636.1		\$3,691.6		\$268.6		\$113.5	
1981										
U.S. Bakery Products	\$1,412.8	24	\$206.9	34	\$1,742.2	17	\$16.5	26	\$28.0	29
U.S. Confectionery Products	269.9	5	23.2	4	438.4	13	4.4	2	3.4	4
U.S. Grocery Products	1,409.1	24	156.9	26	476.0	14	38.2	16	13.9	15
International Operations	1,961.9	34	177.9	30	1,215.9	37	77.7	33	30.8	32
Total Ongoing Businesses	5,053.7	97	565.1	94	2,704.5	81	166.8	79	76.1	80
Operations Divested or Leased	769.5	13	35.8	6	624.6	19	49.3	21	18.8	20
Total Segments	5,823.2	100	600.9	100	3,329.1	100	216.1	100	94.9	100
Corporate	—	—	—	—	198.2	—	—	—	—	—
Total	\$5,819.2		\$600.9		\$3,527.3		\$216.1		\$94.9	
1980										
U.S. Bakery Products	\$1,266.5	23	\$176.0	31	\$1,220.4	18	\$47.9	23	\$24.8	28
U.S. Confectionery Products	272.7	5	24.0	4	95.3	3	11.5	6	2.4	3
U.S. Grocery Products	1,374.4	25	18.0	2	866.6	15	25.9	13	15.6	18
International Operations	1,930.2	34	161.9	30	1,142.5	41	80.2	39	28.5	32
Total Ongoing Businesses	4,843.8	87	481.0	89	2,195.2	77	165.5	81	71.3	81
Operations Divested or Leased	738.4	13	78.9	11	632.8	23	36.4	19	17.0	19
Total Segments	5,582.2	100	560.0	100	2,828.0	100	201.9	100	88.3	100
Corporate	(79.8)	—	—	—	203.6	—	9.0	—	1.2	—
Total	\$5,502.4		\$560.0		\$3,031.6		\$210.9		\$89.5	

Reclassified to Operations Divested or Leased: 1982 acquisition of Huntley & Palmer Foods and investments in tax leases; 1981 acquisition of Huntley & Palmer Foods and investments in tax leases; 1980 acquisition of Huntley & Palmer Foods and investments in tax leases.



Geographic Areas

(Dollars in millions)

1982	Net Sales		Operating Income		Identifiable Assets	
	Amount	%	Amount	%	Amount	%
United States	\$3,522.4	60	\$440.3	69	\$1,547.6	52
Canada	607.4	10	37.8	9	379.3	13
Continental Europe	524.2	9	46.2	7	334.5	11
United Kingdom	249.5	4	21.2	4	141.6	5
Latin America	373.8	7	57.1	9	259.4	9
Other	177.7	3	12.0	2	109.3	4
Total Ongoing Businesses	5,463.4	93	634.6	100	2,771.7	93
Operations Divested or Leased	407.7	7	1.5	—	200.3	7
Total Segments	5,871.1	100	636.1	100	2,972.0	100
Corporate	—	—	(62.2)	—	719.6	—
Total	\$5,871.1	—	\$573.9	—	\$3,691.6	—

1981*

United States	\$3,087.8	53	\$365.2	64	\$1,488.6	49
Canada	599.9	10	36.4	10	351.1	11
Continental Europe	551.0	10	36.8	6	382.7	11
United Kingdom	272.4	5	19.6	3	136.9	4
Latin America	377.5	6	58.7	10	238.4	7
Other	161.1	3	4.3	1	106.6	3
Total Ongoing Businesses	5,049.7	87	563.1	94	2,704.5	81
Operations Divested or Leased	769.5	13	36.8	6	624.0	19
Total Segments	5,819.2	100	599.9	100	3,329.1	100
Corporate	—	—	(46.8)	—	190.6	—
Total	\$5,819.2	—	\$553.1	—	\$3,527.7	—

1980*

United States	\$2,918.6	42	\$320.0	99	\$1,052.4	37
Canada	524.2	10	47.0	9	320.5	11
Continental Europe	625.6	11	40.1	7	300.0	14
United Kingdom	279.1	5	27.7	5	125.1	4
Latin America	333.5	6	42.3	8	211.9	8
Other	182.6	3	4.8	1	95.2	3
Total Ongoing Businesses	4,848.8	87	481.9	89	2,195.2	77
Operations Divested or Leased	386.4	7	35.9	7	632.8	23
Total Segments	5,235.2	100	517.8	100	2,828.0	100
Corporate	—	—	(19.1)	—	201.6	—
Total	\$5,235.2	—	\$500.0	—	\$3,031.6	—

*Restated to reflect 1982 realignment of business segments and corporate staff functions.

Supplementary Income Statement Information

(In millions)	1982	1981	1980
Maintenance and repairs	\$113.5	\$147.2	\$139.8
Depreciation	\$113.5	\$96.7	\$89.3
Taxes, other than payroll and income taxes, principally property	\$33.1	\$31.7	\$30.1
Media advertising	\$222.0	\$191.3	\$183.3
Research and development	\$35.9	\$29.2	\$23.7
Rent	\$46.2	\$40.1	\$32.9

Leases—Amounts included in Property, plant and equipment under capital leases as of December 31 were as follows:

(In millions)	1982	1981
Buildings	\$68.0	\$76.5
Machinery and equipment	24.8	24.6
	\$92.8	\$101.1
Less accumulated depreciation	28.1	32.0
Total	\$64.7	\$69.1

Capital leases relate to administrative facilities, warehousing facilities and manufacturing equipment. Operating leases cover facilities and equipment used by the Company for warehousing, transportation, administration and manufacturing. Future minimum payments under noncancelable leases with terms in excess of one year are:

(In millions)	Capital Leased	Operating Leases
1983	\$8.5	\$122.5
1984	6.9	18.6
1985	6.9	14.9
1986	7.0	13.5
1987	7.1	12.9
1988 and thereafter	128.0	51.6
Total minimum lease payments	166.6	\$134.0
Less amounts representing interest and executory costs	90.0	—
Present value of minimum lease payments	\$76.6	—

Other financial information—The following additional financial information appears elsewhere in this report:

Interim Results (Unaudited) page 37
Supplementary information on the Effects of Inflation (Unaudited) pages 37 through 39

Ten-Year Financial Summary

(Dollars in millions, except per share data)	1982	1981	1980
Net sales	\$5,871.1	\$5,819.2	\$5,387.2
Operating income	573.9	593.1	501.0
Interest expense	89.9	63.3	65.0
Income from continuing operations before income taxes	523.1	476.0	420.1
Income from continuing operations	314.7	266.3	234.8
Net income	314.7	266.3	234.8
Per share of common stock:			
Income from continuing operations	\$ 4.83	\$ 4.21	\$ 3.73
Net income	4.83	4.21	3.73
Dividends declared	2.05	1.77	1.60
Shareholders' equity	26.22	23.94	21.44
Working capital	\$ 879.4	\$ 761.9	\$ 879.7
Capital expenditures	286.6	252.0	212.9
Depreciation expense	113.5	96.7	89.3
Property, plant and equipment, net	1,341.7	1,342.1	1,082.8
Total assets	3,691.6	3,527.7	3,031.6
Short-term debt	56.9	103.7	34.4
Long-term debt	644.6	699.1	600.4
Shareholders' equity	1,835.9	1,522.8	1,344.1
Average common shares outstanding (000)	65,026	63,142	62,833
Number of employees at year end	55,100	60,400	61,200
Effective income tax rate	39.8%	44.3%	44.1%
Current ratio	1.96:1	1.73:1	2.02:1
Long-term debt to capitalization	26%	31%	31%
Return on average common shareholders' equity	19%	19%	19%



1979	1978	1977	1976	1975	1974	1973
\$4,975.3	\$4,555.1	\$4,166.1	\$3,783.9	\$3,704.8	\$3,376.7	\$2,741.6
417.4	393.5	369.8	351.6	333.9	259.7	217.1
58.9	54.6	51.6	50.9	56.6	58.3	36.5
343.1	340.0	287.6	300.5	269.9	205.1	186.3
186.5	179.1	173.5	151.8	132.3	105.4	97.8
186.5	179.1	147.6	146.6	127.6	102.7	95.5
\$ 2.97	\$ 2.86	\$ 2.79	\$ 2.45	\$ 2.14	\$ 1.71	\$ 1.59
2.97	2.86	2.37	2.36	2.06	1.67	1.55
1.45	1.35	1.24	1.18	1.09	1.09	1.01
19.23	17.64	16.09	14.91	13.67	12.65	11.93
\$ 755.8	\$ 688.6	\$ 584.2	\$ 499.8	\$ 489.6	\$ 469.7	\$ 433.1
152.1	126.5	109.2	145.9	167.7	137.6	130.6
79.7	77.1	67.4	62.0	58.5	53.9	49.2
985.8	938.7	906.0	874.4	798.2	724.1	656.8
2,682.1	2,530.2	2,321.0	2,136.6	2,027.0	2,035.4	1,728.1
32.5	89.6	119.1	123.1	100.1	247.7	108.5
528.9	521.7	313.2	480.2	502.2	504.0	448.8
1,200.3	1,098.9	998.3	923.4	844.8	781.6	734.4
62,696	62,469	62,139	61,864	61,645	61,313	61,170
61,600	62,300	66,000	69,200	67,600	66,900	68,800
45.6%	47.3%	39.7%	49.5%	51.0%	48.6%	47.5%
2.03:1	1.98:1	1.98:1	1.88:1	1.92:1	1.76:1	2.02:1
31%	32%	34%	34%	37%	39%	38%
16%	17%	16%	17%	16%	14%	13%

Directors and Officers

Board of Directors

Phyllis Burke Davis
Group Vice President,
Product Quality and
Communications,
Avon Products, Inc.

Walter G. Dunnington, Jr.
Executive Vice President and
General Counsel,
Nabisco Brands, Inc.

Martin P. C. Emmert
Senior Executive
Vice President,
Nabisco Brands, Inc.

Kenneth C. Foster
Former President,
The Prudential Insurance
Company of America

Mills E. Godwin, Jr.
Former Governor,
Commonwealth of Virginia

Dr. Helen A. Guthrie
Head of Nutrition Program,
Pennsylvania State University

Robert W. Haack
Former Chairman of the Board,
Lockheed Corporation and
Former President, New York
Stock Exchange

Robert S. Hatfield
Retired Chairman,
The Continental Group, Inc.

James L. Hayes
Chairman of the Board,
American Management
Associations

Charles E. Hugel
President and
Chief Operating Officer,
Combustion Engineering, Inc.

F. Ross Johnson
President and
Chief Operating Officer,
Nabisco Brands, Inc.

Paul Kolton
Chairman, Advisory Council,
Financial Accounting
Standards Board

Morris L. Levinson
Consultant to
Nabisco Brands, Inc.,
and Former President,
Associated Products, Inc.

Dean R. McKay
Retired Senior Vice President,
International Business
Machines

W. Earle McLaughlin
Former Chairman,
The Royal Bank of Canada

William H. Moore
Former Chairman of the Board,
Bakkers Trust Company

C. Richard Owens
Executive Vice President and
Chief Financial Officer,
Nabisco Brands, Inc.

Elmore C. Patterson
Retired Chairman,
Morgan Guaranty Trust
Company of New York

Dr. Albert Rees
President,
Allied P. Sicam Foundation

Andrew G. C. Sage II
Managing Director,
Lehman Brothers Kuhn
Loeb Incorporated

Robert M. Schaeberle
Chairman of the Board and
Chief Executive Officer,
Nabisco Brands, Inc.

C. Richard Sharpe
Chairman and
Chief Executive Officer,
Simpsons-Sears Limited

William C. Turner
Chairman,
Aegle Atlantic Corporation

James O. Welch, Jr.
Senior Executive
Vice President,
Nabisco Brands, Inc.

William S. Woodside
Chairman and
Chief Executive Officer,
American Can Company

Honorary Directors

Lee S. Bickmore
Joel S. Mitchell

**Office of the Chairman**

Robert M. Schaeberle
Chairman of the Board and
Chief Executive Officer

F. Ross Johnson
President and
Chief Operating Officer

Martin P. C. Emmett
Senior Executive
Vice President

James O. Welch, Jr.
Senior Executive
Vice President

Walter G. Dunington, Jr.
Executive Vice President and
General Counsel

C. Richard Owens
Executive Vice President and
Chief Financial Officer

Corporate Officers

Harrison M. Bains, Jr.
Senior Vice President,
Finance

Robert J. Carbonell
Senior Vice President

Manning E. Case
Senior Vice President

Michael M. Masterpool
Senior Vice President,
Corporate Affairs

Robert J. Powelson
Senior Vice President

John E. Willett
Senior Vice President

Andrew S. Barrett
Vice President,
Personnel

Richard H. Gavoor
Vice President

Ward M. Miller, Jr.
Vice President,
Law and Secretary

John B. McGovern
Vice President,
Government Relations
and Community Affairs

I. Thomas Pearson
Vice President, Taxes

Dean R. Posvar
Vice President,
Corporate Planning

Edward J. Robinson
Vice President and Treasurer

Keith C. Thompson
Vice President, Law

Richard A. Thunberg
Vice President and
Controller

Carol S. Tutundgy
Vice President,
Investor Relations

Emory G. Base
General Auditor

Officers

Nabisco Brands USA

James O. Welch, Jr.
President

Robert J. Carbonell
Executive Vice President,
Corporate Technology

Robert J. Powelson
Executive Vice President,
Operations

John H. Clarke
Senior Vice President and
Group Executive

Richard S. Creedon
Senior Vice President and
Group Executive

H. John Greenhaus
Senior Vice President and
Group Executive

Claude B. Hampton
Senior Vice President and
Group Executive

Edward P. Redding
Senior Vice President and
Group Executive

Robert L. Sanford
Senior Vice President,
Technology, Planning and
Administration

Raymond F. Wright
Senior Vice President,
Finance

Henry J. Bornholt, Jr.
President,
Nabisco Confections, Inc.

Fred R. Corrado
President,
Planters Division

Ted T. Litngow, Jr.
President,
Fleischmann Division

Paul Lohmeyer
President,
All Brand Importers, Inc.

William B. McKnight
President,
Grocery Products Division

John H. Murray
President,
Margarine Division

G. R. Randolph Plass, Jr.
Executive Vice President,
Biscuit Group

Peter N. Rogers
President,
Life Savers, Inc.

William J. Tobin
President,
Food Service Division

International Nabisco Brands

Martin F. C. Emmett
Chairman

John E. Willett
Executive Vice President

Brian Healey
Senior Vice President and
Group Executive

H. F. Powell
President and
Chief Executive Officer,
Nabisco Brands Ltd.

John R. McDonald
Executive Vice President,
Nabisco Brands Ltd.

Lloyd E. Weil
Executive Vice President,
Nabisco Brands Ltd.

Charles W. Carleton
President,
South American Operations

Fredrick T. Kovaleski
President,
Caribbean, Mexico and
Central American Operations

Aldo L. Osti
President,
European Operations

Anthony R. Pendry
President,
Africa, Middle East and
Southeast Asia Operations

Hugh Brown
Managing Director,
United Kingdom Foods

Alan Reeve
Managing Director,
United Kingdom Snacks

Ian A. Gittus
Regional Director,
Australasia Operations

Locations of Principal Operations



Argentina Buenos Aires Vicente Lopez	Costa Rica San Jose	Mexico Celaya* Merida*	United Kingdom Cardiff Corby Dowdals Fleetwood Leicester Lincoln Liverpool London Paisleygrove Peterlee Reading Swansea Welwyn Garden City Winchester Woodley	Port Smith, Arkansas Franklin Park, Illinois Holland, Michigan Houston, Texas Indianapolis, Indiana Inman, Kansas Los Angeles, California Mansfield, Massachusetts Marseilles, Illinois Mayfield, Kentucky Minneapolis, Minnesota Montebello, California Montgomery, Alabama Naperville, Illinois Niagara Falls, New York Nixa, Missouri Oakland, California Peekskill, New York Pennsauken, New Jersey Philadelphia, Pennsylvania Pittsburgh, Pennsylvania Port Chester, New York Portland, Oregon Richmond, Virginia St. Louis, Missouri Seville, Ohio Suffolk, Virginia Summer, Washington Toledo, Ohio Tualatin, Oregon Woodburn, Georgia Wrightstown, Wisconsin
Australia Brisbane* Melbourne Perth Smithfield	Ecuador Ambato Eloy Alfaro	New Zealand Auckland Christchurch Lower Hutt Nelson Wanganui	Nicaragua Managua	United States Atlanta, Georgia Arlington, North Carolina Baltimore, Maryland Beacon, New York Bridgeview, Illinois Brockport, New York Buena Park, California Buffalo, New York Buhler, Kansas Cambridge, Massachusetts Canajoharie, New York Carthage, Missouri Chattanooga, Tennessee Cheney, Washington Chicago, Illinois Danville, Illinois De Leon, Texas Denison, Texas Denver, Colorado Durant, Oklahoma Fair Lawn, New Jersey Fairview, New Jersey
Brazil Conchal Escada Irapueta Itapetinga Jundiaí Pedreira Petropolis Registro Yalodates	France Castelsarrasin Champagnac Chateau-Thierry Evry Nontron Pont-Audemer Tain l'Hermitage	Panama Agua Dulce Panama City	Peru Lima	Venezuela Barquisimeto Caracas* La Victoria
Canada Amherst Bramalea Bridgetown Calgary Dartmouth Gentilly Hamilton Kelowna Lafayette Mississauga Montreal Niagara Falls Regina Richmond St. Boniface Scarborough Sherbrooke Streetsville Toronto Valdoville Weyburn Winnipeg	Guatemala Guatemala City	Philippines Manila	Puerto Rico Bayamon Las Piedras Mayaguez Ponce San Juan Santiago	West Germany Schwerte Wescke *Unconsolidated affiliate
Chile Santiago	Holland Haarlem Meppel Rotterdam Vaassen Wormerveer	Portugal Lisbon	Singapore Jurong Township	
Colombia Medellin Palmira	India Bombay* Calcutta* Delhi* Madras* Mumbai	Spain Barcelona Bilbao Madrid Montes Tordesillas Tunja	South Africa Dundee Johannesburg Pretoria Trenton Tunapuna	
	Italy Genoa Lecce Locate Milan	Tunisia Tunis	Trinidad Tunapuna	
	Jamaica Spanish Town			
	Japan Kobe* Malaysia Campoy			

Corporate Data

Executive Offices

Nabisco Brands Plaza
Parsippany, N.J. 07054
(201) 598-7100

Form 10-K

The Company's Annual Report Form 10-K for 1982, filed with the Securities and Exchange Commission, is available upon request without charge and may be obtained by writing to Investor Relations at the Executive Offices of the Company.

Auditors

Coopers & Lybrand
30 Park Plaza
Newark, N.J. 07102

Principal Stock Exchanges

The Company's common stock is listed on the New York, London, Montreal and Toronto Stock Exchanges. The ticker symbol "NB" is used on the New York Stock Exchange. The Company's \$3.50 cumulative preferred stock is listed on the New York Stock Exchange.

Shareholder Information

Shareholders are requested to address all questions concerning their securities or dividends, address changes or other information to Nabisco Brands, Inc., Shareholder Relations, Nabisco Brands Plaza, Parsippany, N.J. 07054, or by telephone, (201) 598-7100.

Transfer Agents

The Bank of New York
90 Washington Street
New York, N.Y. 10015

The Bank of New York
147 Leadenhall Street
London, EC3V 4PN
England

Montreal Trust Company
P.O. Box 1900, Station B
Montreal, Quebec H3B 3L6
Canada

Montreal Trust Company
115 King Street West
Toronto, Ontario M5H 1B4
Canada

Annual Meeting

Shareholders are cordially invited to attend the Annual Meeting of Shareholders. It will be held at 10:30 a.m. on Thursday, May 5, 1983 at the Ritz-Carlton Hotel in Boston, Massachusetts.

Dividend Reinvestment Plan

Nabisco Brands maintains a Dividend Reinvestment and Stock Purchase Plan. Holders of common stock participating in this plan may have dividends on their shares automatically reinvested in additional shares at a price 3% below average market price. Information may be obtained by writing to The Bank of New York, P.O. Box 11234, New York, N.Y. 10277.

Throughout this Annual Report product references in italics and/or with initial capitals represent trade names, trademarks or brand names owned or associated with Nabisco Brands, Inc. or its subsidiaries.

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